THE GOLDEN AGE: UNLEASHING MAIN STREET THROUGH DEREGULATION

HEARING

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THE GOLDEN AGE: UNLEASHING MAIN STREET THROUGH DEREGULATION

TUESDAY, APRIL 1, 2025

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The Committee met, pursuant to call, at 10:03 a.m., in Room 2360, Rayburn House Office Building, Hon. Roger Williams [chairman of the Committee] presiding.

Present: Representatives Williams, Stauber, Meuser, Van Duyne, Alford, LaLota, Finstad, Wied, Bresnahan, Jack, Downing, King-Hinds, Velázquez, McGarvey, Scholten, McIver, Cisneros, Morrison, Latimer, Tran, Simon, Olszewski, Conaway, and Goodlander.

Chairman WILLIAMS. Okay, before we get started, I want to recognize Congressman Olszewski from the great State of Maryland to lead us in the pledge and the prayer.

Mr. OLSZEWSKI. I pledge allegiance to the flag of the United States of America, and to the Republic for which it stands, one nation, under God, indivisible, with liberty and justice for all.

Dear God, we come before you this day with grateful hearts that you opened our eyes, brought us to this place where we have the opportunity to serve the American people. Lord, I pray that you put your hand and protection over our Chairman, over our Ranking Member, over my colleagues, over staff who worked so hard as we seek to advance your will, keeping us a matter of gratitude and service and love for those whom we serve. Remind us every day what a blessing and honor it is to serve you, Lord. To your name we pray, amen.

Chairman WILLIAMS. Good morning, everyone. And now I call the Committee on Small Business to order.

Without objection, the Chair is authorized to declare a recess of the Committee at any time.

I now recognize myself for my opening statement.

Welcome to today's hearing, "The Golden Age: Unleashing Main Street Through Deregulation." I want to thank our witnesses for being here today. Many of you have traveled a long way to share your experiences and your perspectives, and we deeply value your time and your voice.

Today we will focus on the need to unshackle small businesses from burdensome regulations created by the previous administration and examine what actions the Trump administration and Congress are taking to help free small businesses from this red tape.

Every small business owner knows that regulations limit their ability to grow and succeed. Unfortunately, the Biden administration has cost American businesses more than $1.8 trillion in additional regulatory costs over just the last 4 years.

As a car dealer myself for over 50 years, I know firsthand how harmful regulations can be for small businesses and consumers alike. In the car business, the cost of regulations directly impacts the cost of the car. In fact, regulations could increase the cost for the car by almost 20 percent. Emissions regulations and fuel efficiency standards are among the most expensive to comply with, which directly impacts consumers.

This mountain of red tape is uniquely costly to main street. On average, small business owners pay 20 percent more than larger companies to comply with the same regulation. While these small business owners are experts in their fields, they are not experts in regulatory compliance. Small businesses must dedicate as much as they can and more significant portion of their workforce and funds to regularly comply, drastically limiting their ability to grow and discourage the creation of new small businesses.

Despite the serious headwinds small businesses face due to this avalanche of regulations, there is reason for hope. The Trump administration has already made progress in removing some of the most harmful regulations imposed on our nation's small businesses by the Biden administration. President Trump's pro-growth policies have already begun to help our nation's most prominent job creators and make them survive and thrive.

As a small businessowner, I know the consequences of stifling regulations. That is why in my time as Chairman, one of the top priorities of the Committee has been combatting the red tape that impedes small businesses across America. This Committee is dedicated to creating solutions that will unburden Main Street America, which is what the legislation included in our hearing today intends to address. I hope our conversation today will further shape the potential solutions.

I want to thank all of you again for being here. I look forward to our conversation.

And with that, now I recognize my friend and Ranking Member from New York, Ms. Velázquez, for her opening remarks.

Ms. VELÁZQUEZ. Thank you, Chairman Williams.

Good morning, everyone. Thank you to the witnesses for being here today.

While some may argue that the golden age of deregulation will pave a path to economic growth, we must recognize that the unchecked removal of regulations can have lasting consequences. It is important to understand that regulations provide a foundation that ensures safety, fairness, and sustainability for all Americans as well as small businesses.

Regulations make sure the food restaurants serve is safe, the water craft breweries use to make beer is free of contaminants, and the air we breathe is clean. Regulations also provide clear rules of the road for small businesses, offering certainty and ensuring that they can compete on a level playing field. Clear, consistent rules help small firms understand what is expected, foster fair competition, and lead to success. Regulations promote innovation, especially in the energy and manufacturing sectors.

The Bipartisan Infrastructure Law and Inflation Reduction Act created the framework for accelerating clean energy development and innovation. The accompanying regulations prioritized investment in renewable energy, energy efficiency, and clean technologies, driving innovation in the clean energy sectors.

With that said, I understand certain regulations can be onerous and difficult for small employers to comply with, but deregulation is not the answer. The chainsaw approach will roll back important safeguards and cause uncertainty for small firms. Uncertainty seems to be par for the course with this administration.

In 2 short months, reckless policies have wreaked havoc, chaos, and confusion across the American landscape, harming main street. On January 24, President Trump illegally fired the Inspector General who was committed to investigating and recovering fraudulent funds. Days later, OMB released a memo requiring agencies to freeze further funding, causing confusion for small businesses, lenders, and contractors.

On February 3, Elon Musk and his team gained access to all of SBA's systems, including human resources, contract and payment systems, endangering the private information of millions of American small businesses.

Then on Friday, February 7, hundreds of SBA employees received termination notices, only to be told it was a mistake on Monday, and then fired for real on Tuesday. A Maryland District Court judge issued a temporary order reinstating probationary employees through March 27. However, the SBA placed them on administrative leave. This is not the way to lead.

On March 21, the President announced SBA will take over the federal government's student loan portfolio, which has nothing to do with advancing the mission of the SBA. It is incomprehensible that SBA will be asked to take on the servicing of more than $1.6 trillion in loans while the staff is being cut almost in half.

If the destruction of the government isn't enough, Donald Trump is picking a fight with Mexico and Canada using tariffs. Small retailers, manufacturers, and farmers all over the country are reeling. The uncertainty has left many small businesses struggling to keep up.

Our focus today should be on the reckless policies of the Trump administration that are sowing tariffs, confusion, and uncertainty for small businesses. Mr. Chairman, so much for lowering inflation.

Thank you, and I yield back.

Chairman WILLIAMS. The gentlelady yields back.

I will now introduce our witnesses.

The first witness with us today is Patrick Montalban. Mr. Montalban is the Chairman and Chief Executive Officer of Montalban Oil & Gas Operations, Inc., in Cut Bank, Montana. Mr. Montalban has overseen Montalban Oil & Gas operations for over 20 years, taking over from his father who started the company in the fifties. He has also worked with Mountainview Energy Limited, Genesis Energy, and Altamont Oil & Gas.

In addition, Mr. Montalban is the Chairman of the National Stripper Well Association and a member of the American Association of Petroleum Geologists, the Domestic Energy Producers Alliance, and the Northern Montana Oil and Gas Association.

Mr. Montalban holds a bachelor of arts in geology from the University of Montana and a bachelor of science in geology from Montana State University at Bozeman.

Thank you for joining us today. Looking forward to our conversation.

I now yield to the distinguished Member from Minnesota, Mr. Stauber, to introduce the next witness from his district.

Mr. STAUBER. Thank you, Mr. Chair.

Our next witness here with us today is Mr. Elden Johnson. Mr. Johnson is the owner and operator of Elden Johnson Transportation in Rush City, Minnesota, founded in 1999. Elden Johnson Transportation is a major hub for trucking services in our region. The company's fleet of vehicles, manned by skilled drivers, ensures the smooth transportation of goods across various distances and terrains. The company has established itself as a go-to option for businesses looking to move their products swiftly, safely, and securely.

Mr. Johnson is a member of the National Federation of Independent Business, and currently resides in Rush City Minnesota, with his wife and son.

Thank you for joining us, Elden, today, and I am looking forward to your comments.

And I yield.

Chairman WILLIAMS. The gentleman yields back.

And now our next witness here with us today is Mr. Buddy Hughes. Mr. Hughes is the Chairman of the Board for the National Association of Home Builders in Washington, D.C. As a third-generation builder, Mr. Hughes opened his own general contracting business, Hughes Construction, in 1985. Mr. Hughes has been an active principal in the National Association of Home Builders leadership structure at that level and State and national levels. He currently serves as a life delegate of the Leadership Council and has been a member of the board of directors for more than 20 years.

Mr. Hughes is an Eagle Scout and was awarded the Richie Scott Award form the Insulating Concrete Form Association in 2007 and the National Association of Home Builders S.A. Walters Award in 2018.

Thank you for joining us today. Looking forward to our conversation.

I now recognize the Ranking Member from New York, Ms. Velázquez, to briefly introduce our last witness appearing before us today.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman.

I am pleased to introduce Mr. John Arensmeyer, the Founder and CEO of the Small Business Majority. John launched the Small Business Majority 20 years ago, and he has built it into a nationally recognized organization focused on empowering America's entrepreneurs to build a thriving and equitable economy. He has become a leading advocate on critical policy issues affecting small business.

Prior to that, John was the Founder and CEO of an award-winning interactive communications company. With a background in business and public policy, John will be able to discuss the challenges and opportunities facing small businesses today. We are fortunate to have him here today.

Thank you. I yield back.

Chairman WILLIAMS. The gentlelady yields back.

And, again, we appreciate all of you being here today. And before recognizing all of you, I want to remind you the way we operate here, okay, that your oral testimony is restricted to 5 minutes in length. If you see the light turn red in front of you, it means that your 5 minutes is up and you need to conclude. If you don't conclude, you are going to hear me doing this, okay? But it will be fine.

And also, you might see Members coming and going in and out; it has no reflection on your testimony or anything. There are other hearings going on today. So you will hear everybody from me and the Ranking Member and others stepping out and then stepping back in.

So with that being said, I would like to recognize Mr. Montalban for his 5-minute opening remarks.

STATEMENTS OF MR. PATRICK MONTALBAN, CHAIRMAN & CEO, MONTALBAN OIL & GAS OPERATIONS, ON BEHALF OF THE NATIONAL STRIPPER WELL ASSOCIATION; MR. ELDEN JOHNSON, OWNER, ELDEN JOHNSON TRANSPORTATION, ON BEHALF OF THE NATIONAL FEDERATION OF INDEPENDENT BUSINESS; MR. BUDDY HUGHES, CHAIRMAN OF THE BOARD, THE NATIONAL HOME BUILDERS ASSOCIATION; AND MR. JOHN ARENSMEYER, FOUNDER & CEO, SMALL BUSINESS MAJORITY

STATEMENT OF PATRICK MONTALBAN

Mr. MONTALBAN. Thank you, Chairman Williams, Ranking Member Velázquez, Vice Ranking Member McGarvey, and Members of this Committee.

My name is Patrick Montalban. I reside in Cut Bank, Montana, and I am the Chairman of the National Stripper Well Association. We represent the small independents of America that produce small wells, and we call them the ma and pa outfits in oil and gas business.

A stripper well is 15 barrels a day or less or 90,000 MCF. We produce about 13.6 million barrels in this fine country of ours, and we produce about 10 percent of that production, or about 1.3 million barrels. This production is produced out of 760,000 wells over 32 States, or about 80 percent of the production in this great country.

We call it the Strategic Petroleum Reserve, many of us, as we believe it is a very constant and ready for the citizens of this great country. We generate great jobs in rural America and we provide excellent jobs to our local communities. It takes as many people to run a three-barrel-a-day well as it does a 300-barrel-a-day well.

We are not large integrated companies. We don't produce oil, refine oil, and sell oil. We receive a price at the well head or on the site for what we produce.

We have been in this business for many years. One of the things many people don't think about are the royalty owners that are associated with our business. Many people, such as farmees and retirees, receive this extra income each month to help them pay their bills. To give you an example, some of the royalty owners in Texas, 4.4 million; Minnesota, 71,000; Pennsylvania, 18,000; Kansas, 221,000; and my great State of Montana, Congressman Downing, 71,000.

I am Chairman and CEO of Montalban Oil and Gas. I had a degree in geology from the University of Montana. My father started this company in the 1950s. We have 17 full employees and pay $35 an hour. We pay a hundred percent of healthcare for our employees and their families. We provide an excellent package for each and every employee.

We are the largest producer on the Blackfeet Nation Indian Reservation in Montana. We pay 19 to 25 percent royalty. A normal royalty in the oil and gas business is 12.5 to 15 percent.

We are a community orientated company, and we give back to the schools, to the hospitals, and all the local businesses.

We have been confronted for years on regulations. In the Obama administration, we look back and we called that operating under a thousand cuts. We got through those 8 years, but nothing was like the Biden administration. The Biden administration wanted to clearly put us out of business. And I had a few individuals in the Department of Interior and the EPA tell me so.

Think about that, everyone at this Committee, if you would like to have someone tell you that the government would like to put you out of business. These are strong jobs in rural America.

How were they going to do this? They were going to do this with the methane tax regulations by the EPA, the bonding requirements with the Department of Interior, and dear to my heart, the UIC injection program for water injectivity in our oil and gas business.

We operate under numerous levels in the State of Montana. We have state, federal, tribal fee and numerous layers of regulations.

The three major concerns with the methane rules was the subpart W, or the reporting, or 0000b, OOOOc, which brought in the small independents. This would have put every small independent out of business in America. Don't kid yourself.

The UIC program is the underground injection control program operated by the EPA. Started in 1986, and it was a very good program, but, unfortunately, they have gone over their bounds and have hurt the small independents.

One of the hardest things for federal properties for the small independents was how they changed the Department of Interior bonding regulations. They took a 10,000 well dollars—excuse me. They took a single well bond for $10,000 to $150,000, and a multiple well bond for, in other words two wells, from $25,000 to $500,000. What this clearly did was take us out of operating on small—or federal lands.

Thank you for this time. It is going to be a new golden age for the small independents of America now that we have new administrators appointed by the Trump administration.

Chairman WILLIAMS. Thank you very much.

And I now recognize Mr. Johnson for his 5-minute opening remarks.

STATEMENT OF ELDEN JOHNSON

Mr. JOHNSON. Chairman Williams, Ranking Member Velázquez, and Members of the House Small Business Committee, thank you for the opportunity to testify today on behalf of the small business owners across America. My name is Elden Johnson. I own Elden Johnson Transportation in Rush City, Minnesota, which I started in 1999.

Over the last 4 years, small businesses have faced unprecedented challenges, including COVID shutdowns, supply chain disruptions, historic inflation, burdensome regulatory environment, and systemic workforce shortages. These major challenges have fueled uncertainty and reduced small business optimism.

One major headwind for small businesses is the unprecedented regulation—regulatory burden imposed on us over the last 4 years. The Biden administration has added $1.8 trillion in regulatory compliance costs and added 356 million paperwork hours.

These compliance costs disproportionately impact businesses like mine. I do not have compliance officers or lawyers to navigate complex laws and regulations. Those responsibilities and many others fall on me as a business owner.

Following the 2024 election, small business optimism surged. Small businesses saw the election result as a major shift to the nation's economic and regulatory policy towards a more pro-business environment.

Although small business remains optimistic, there are warning signs on the horizon. The looming expiration of key provisions of the 2017 Tax Cuts and Jobs Act, specifically the 20 percent small business deduction, creates uncertainty about whether my taxes will go up next year.

Congress can help small businesses like mine, like passing the Main Street Tax Certainty Act, to prevent the massive high tax on 9 out of 10 small businesses.

In addition to uncertainty caused by looming tax hikes, the onerous regulatory environment over the last 4 years has laid a wet blanket over the economy.

Specifically, the EPA's de facto electric vehicle mandates and the Department of Labor's independent contractor rule have the potential to shut my business down for good. These regulations ignore the reality. The entire industry relies on longstanding work arrangements like independent contractors or to an all-electric fleet that is simply not feasible. In rural Minnesota where I live, there is no infrastructure to support these vehicles, and industries like trucking can't wait for hours for batteries to recharge to go back to work.

The Federal Motor Carrier Administration has also put significant strain on the trucking industry from their overregulation. Their proposed speed limit regulation and electronic logging regulation would impose one-size-fits-all mandates. They will make our roads less efficient and less safe.

I understand the well-intentioned nature of the rules; however, the one-size-fits-all approach from Washington ignores that safety is my number one priority. Truckers want to get home safely to their families, as we want the others that share the road with us too. We do not need Congress or federal agencies to order us to be safe. We already are.

Lastly, the Biden administration beneficial ownership reporting requirements mandated 32.6 small businesses register with the federal government or face penalties of up $10,000 and 2 years in prison. Thankfully, President Trump stopped enforcement, correctly calling the mandate outrageous, invasive, and an economic menace. This action has saved small businesses from devastating civil and criminal penalties.

Congress must make this win permanent by passing and repealing the Big Brother Overreach Act and destroy beneficial ownership data that has already been collected from U.S. small businesses.

Small businesses are optimistic that the Trump administration and Congress will deliver pro-growth, economic, and regulatory reform policies. However, doing so requires Congress to roll up its sleeves and go to work.

Congress must enact much-needed regulatory protections for small businesses like the PROVE It Act, and eliminate vague statutes like the Corporate Transparency Act. Most importantly, Congress must provide small businesses an economic certainty that taxes will not increase at the end of the year. This certainty will give my business the comfort to expand and increase the opportunities we can offer our associates and workforce.

Thank you for the opportunity to discuss this, the impact of these burdensome regulations on small businesses, and I look forward to your questions.

Chairman WILLIAMS. The gentleman yields back.

I now recognize Mr. Hughes for his 5-minute opening remarks.

STATEMENT OF BUDDY HUGHES

Mr. HUGHES. Chair Williams, Ranking Member Velázquez, and Members of the Committee, thank you for the opportunity to testify today on behalf of the National Association of Home Builders.

America is experiencing a housing affordability crisis. Overly burdensome and, in some cases, unnecessary government regulations bear some of the responsibility for driving up construction costs and contributing to our housing affordability crisis.

Nearly 25 percent of the price of newly built single-family homes and 41 percent of apartment development costs are due to regulations. It does not need to be like this. We can have an effective regulatory environment while minimizing burdens on small businesses.

Unfortunately, rulemaking agencies fail to consider how regulations will affect small businesses and often flat out ignore the Regulatory Flexibility Act. Last year, this Committee's own RFA compliance investigation highlighted how widespread this problem is. That investigation also pointed to potential paths to reform and strengthen the 45-year-old law, which we support.

One example of the lack of RFA compliance is Waters of the U.S. regulation. This rule directly impacts builders who need to determine if a water feature is subject to federal or state regulation. While over 60,000 permit applications for such activities are processed each year, the EPA certified that the 2023 proposed rule would not have a significant impact on a substantial number of small entities, allowing the agency to skip the compliance with aspects of the RFA. This finding defies all common sense.

Legislation such as Representative Finstad's PROVE It Act would go a long way to correcting this by increasing small business input into the rulemaking process and holding agencies accountable.

The Trump administration is also taking action to eliminate unnecessary regulations. NAHB commends this. And I want to point out three regulations in the pipeline that deserve greater scrutiny.

First, HUD and USDA's April of 2024 rule to require homes financed through the agencies to comply with excessive minimum energy standards. This will not only drive up costs, in some cases, by more than $30,000 per unit, but only nine States have fully or partially adopted the new requirements, which means we won't be able to deliver much-needed housing using these programs. We urge Congress to support legislation prohibiting HUD and USDA from adopting any energy standards.

Second, OSHA's August of 2024 proposed one-size-fits-all rule to establish a federal heat standard contains many elements that would be infeasible for small businesses in the construction industry. NAHB urges OSHA to withdraw this proposed rule. Instead, OSHA should continue encouraging employers to follow the principles outlined in OSHA's long-promoted water, rest, and shade campaign.

Third, HUD's April of 2024 rule to implement a Federal Flood Risk Management Standards expands floodplain management requirements and fundamentally threatens access to FHA mortgage insurance programs for single-family home buyers and multifamily builders. For these reasons, we urge HUD to repeal its FFRMS rule. An improved regulatory environment will unlock economic growth and open the door for the millions of Americans who are priced out of the housing market.

NAHB applauds this Committee for highlighting the lack of agency compliance with the RFA and ways to improve our rulemaking process. NAHB stands ready to work with this Committee to unleash main street through deregulation.

Thanks again for this opportunity.

Chairman WILLIAMS. The gentleman yields back.

I now recognize Mr. Arensmeyer for his 5-minute opening remarks.

STATEMENT OF JOHN ARENSMEYER

Mr. ARENSMEYER. Chairman Williams, Ranking Member Velázquez, and Committee Members, thank you for inviting me here today to speak to you.

At Small Business Majority, we engage our network of more than 85,000 small businesses and 1,500 partner organizations to advocate for public policy solutions and deliver resources to entrepreneurs in order to promote dynamic small business growth.

Twenty-one million new businesses have been created in the past 4 years. We need to be doing everything we can to support these new enterprises by focusing on the issues that are impacting them the most.

Regulation certainly can be a pain, but small business owners consistently rank regulations near the bottom of the list of many challenges they face. I will be addressing some of the regulatory issues in a bit, but I want to make the point that businesses are much more concerned with the devastating impact for the Trump administration's slash-and-burn economic policies than they are about federal regulations. This is fueling extreme uncertainty and a severe drop in business confidence in surveys conducted by organizations across the ideological spectrum.

Our own most recent survey shows a drop by one-third in optimism in the past 2 months alone, and more than doubling in pessimism. For the first time in a long time, pessimism outranks optimism, and 44 percent have experienced revenue declines.

On a daily basis we are hearing fear and horror about the administration's arbitrary, chaotic, and unpredictable actions that are destabilizing the economy. These actions include onerous inflationary tariffs, terminating vital federal programs supporting entrepreneurs, slashing the SBA's workforce by 43 percent while piling on $1.6 trillion of unrelated students loan responsibilities, and mass deportations that exacerbate small businesses' existing workforce challenges.

The tariffs are perhaps what we are hearing about the most. Seventy-seven percent of small businesses say the expanded tariffs will be detrimental to our economy. Nikki Bravo, owner of Momentum Coffee in Chicago; Margo Clayson, owner of The Mighty Microgreen in Inkom, Idaho; and Mike Roach, owner of Paloma Clothing in Portland, Oregon, are worried that new tariffs could be devastating to their businesses.

The same survey finds that two-thirds oppose the administration's policies, with more than three-quarters opposed to the SBA cuts.

But back to regulations. Regulations are a necessary fact of life for small businesses. From food safety to responsible workplace practices to mitigating environmental harm to preventing financial scams, there is a legitimate need for government to ensure a healthy competitive business landscape undergirded by a level playing field.

The debate over regulations should not be ideological; rather, it must be based on a case-by-case pragmatic analysis. Because regulations can sometimes be burdensome, it is essential that we have a process to assess their costs and benefits. A one-size-fits-all indiscriminate deregulatory policy, such as eliminating 10 regulations for every one enacted, reflects a performative slash-and-burn approach to governing that has no relationship to actual business realities.

Small businesses value fair and reasonable regulations that help them compete with large companies and establish clear, easy-to-follow rules of the road. They repeatedly point to the importance of regulations in both fostering competition and holding large corporations accountable.

Our polling shows that 86 percent of small business owners agree that some regulation of business is necessary in a modern economy, and 93 percent agree that their business can live with regulations if they are fair, manageable, and reasonable. As such, we support efforts to ensure small business owners are more involved in the promulgation and implementation of new regulations.

Existing regulatory structures should be strengthened, such as those under the Regulatory Flexibility Act, which requires a review of rules that will have significant impact on a substantial number of businesses within a 10-year period. Following the RFA, along with proper coordination with the SBA's Independent Office of Advocacy, enables agencies to ensure that regulations are not overly burdensome. Moreover, the Office of Information and Regulatory Affairs provides additional insight in the federal rulemaking process. The previous administration recognized the importance of OIRA's key functions through an executive order encouraging agencies to take necessary steps to strengthen the regulatory review process with public involvement in rulemaking.

Finally, Congress should consider solutions to help main street work within the regulatory requirements of their respective industries while maintaining a commitment to health, safety, and commercial standards.

Small businesses need certainty, consistency, and clear guidelines from the government, not chaos and confusion. Congress should be hyper-focused on helping small business owners navigate the ever-changing and increasingly challenging economy while helping them find relief from tariffs and draconian budget cuts.

I look forward to answering your questions.

Chairman WILLIAMS. The gentleman yields back.

And we will now move to the Member questions under the 5-minute rule. I recognize myself for the first 5 minutes.

Whether by enacting a late-minute halt on domestic drilling on federal lands or purposely slowing his administration's approval process for oil and gas projects, one thing was clear, President Biden's actions threatened American energy independence. This regulatory assault was particularly painful for Main Street America. Small businesses and overly regulated industries had to beg the federal government for approval to simply conduct business.

So, Mr. Montalban, how did the Biden administration's withholding of your project approvals and other administrative prohibitions harm the oil and gas industry?

Mr. MONTALBAN. Thank you, Mr. Chairman.

It started out with the Department of Interior, and the bonding was critical to the small independents, as I mentioned before. They stopped the drilling because of the bonding, and they stopped any transaction between independents on trying to buy or sell any federal properties.

Chairman WILLIAMS. Did you ever hear from the government agency officials why an approval was withheld or delayed? Did you ever hear from them?

Mr. MONTALBAN. We have had numerous situations in our business over the last 4 years why permitting—permits to drill, permits to inject water—have not gone through the process, and we have never heard back.

Chairman WILLIAMS. During the Biden administration, American businesses were saddled by—we have heard this figure already—$1.8 trillion in additional regulatory costs. Small businesses do not have enough resource to hire high-priced attorneys like large corporations do. Because of that, compliance has often left the owner or an employee who will have trouble navigating the complex language of these rules. And even worse, most industries face regulations from different agencies that may be conflicting. This has caused confusion, uncertainty to small businesses trying to navigate the regulatory minefield.

So, Mr. Johnson, tell us about your experience navigating the regulatory landscape. What has been the cost to your business and the impact to your employees?

Mr. JOHNSON. There are numerous regulations. A lot of them are—I guess the EPA-related are the most expensive and troublesome for us. I don't know if you want the specific. One of them is the EPA mandate for the diesel motors called death fluid, which is burdensome; sometimes putting our trucks in the shop for weeks at a time, and some of the repair bills up to like $17- to $20,000, plus the time that our trucks are not moving.

Chairman WILLIAMS. Yeah, and you don't have time to hire outside auditors and all that to come in.

Mr. JOHNSON. No. Heavens no.

Chairman WILLIAMS. Creates a heck of a burden for you.

Mr. JOHNSON. Can't do it. Can't do it.

Chairman WILLIAMS. Thank you.

An essential part of the American Dream is homeownership. Unfortunately, the cost of housing and building has continued to grow year over year. Studies by the National Home Builders Association found that 25 percent of the cost of a house is attributed to the regulations. This has pushed an estimated 14 million Americans away from their home being—having a dream home and owning one.

So, Mr. Hughes, can you explain how burdensome regulations cause such a substantial cost increase for home builders, and what should be done to reduce these regulatory barriers?

Mr. HUGHES. Well, unfortunately, there is a plethora of reasons and regulations. The one that I deal with the most is burdensome codes. We have just gone too far with energy regulations, and a lot of that 25 percent. And it may help to put that into perspective to say the dollar amount. That 25 percent is $94,000. So the first $94,000 is just regulations, and a lot of that is codes.

Other things is—Mr. Arensmeyer mentioned the one-size-fits-all. Too many times our engineering and storm water regulations for small subdivisions, which I deal with a lot more, are way too burdensome. And it is not a one size fits all.

Chairman WILLIAMS. Well, and they get passed on to the potential buyer——

Mr. HUGHES. Sure.

Chairman WILLIAMS.—who has to go to the bank, borrow that much money, pay that much more interest.

Mr. HUGHES. Correct.

Chairman WILLIAMS. And it hurts, doesn't it?

But if the government would stay out of your business, we might see a price reduction.

Mr. HUGHES. Oh, that is——

Chairman WILLIAMS. You are on record,

Mr. HUGHES. Yes.

Chairman WILLIAMS. Okay.

Mr. HUGHES. Absolutely. I would love to see the federal government get out of the codes business.

Chairman WILLIAMS. All right. Thank you very much.

I now recognize the Ranking Member for 5 minutes of her questioning.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman.

Mr. Arensmeyer, what are your opinion polls showing? Are burdensome regulations one of the top priorities?

Mr. ARENSMEYER. Ranking Member, we have been conducting polls of small business owners and surveys around the network for the last 20 years. And we talked with small businesses every day. We do not hear certainly federal regulations listed as a top concern. It is access to capital, healthcare. Childcare is now a big issue, unfair competition and all of the——

Ms. VELÁZQUEZ. Is it fair to say that small employers are worried about tariffs?

Mr. ARENSMEYER. They are incredibly worried about tariffs.

Ms. VELÁZQUEZ. Are small businesses concerned about remaining competitive and turning a profit?

Mr. ARENSMEYER. Absolutely. The level of fear and uncertainty right now is incredible. We are hearing it every day.

Ms. VELÁZQUEZ. Mr. Hughes, are home builders anxious about the Trump tariffs being levied against construction imports, like Canadian lumber, aluminum, and steel? Yes or no?

Mr. HUGHES. Yes.

Ms. VELÁZQUEZ. Builder confidence ticked down in February to the lowest level in 7 months. Is that partly due to the economic uncertainty? Yes or no?

Mr. HUGHES. Yes.

Ms. VELÁZQUEZ. It seems to me that the top concern of small businesses is the economic uncertainty stemming from the Trump administration's reckless policies.

I would like to enter into the record, Mr. Chairman, a press release, May 17, from the National Association of Home Builders.

Chairman WILLIAMS. So moved.

Ms. VELÁZQUEZ. Mr. Arensmeyer, in your testimony, you mentioned small employers need certainty. Could you describe how the policies of the Trump administration have sown confusion and disruption to small businesses?

Mr. ARENSMEYER. Small business owners have no idea what is happening on a day-to-day basis. They don't know what tariffs they are going to be hit with. They don't know if their employees are going to be—legal immigrants are going to get rounded up from their businesses. And they don't know what next agency is going to be slashed. They cannot plan in this kind of environment.

Ms. VELÁZQUEZ. President Trump announced SBA will be taking on the $1.7 trillion student loan program. So I ask you, is SBA equipped, if that is the core mission of the Small Businesses Administration?

It exists to help small businesses access capital, federal procurement. $1.7 trillion student loan program. Do you think this is consistent with the core mission of SBA, Mr. Hughes?

Mr. HUGHES. I am sorry. Not my area of expertise.

Ms. VELÁZQUEZ. Student loans? The Small Business Administration is in the business of providing access to capital, it is technical assistance, capacity building for small businesses.

What do student loan programs have to do with small businesses? Nothing.

Do you believe the SBA can effectively support small businesses while taking on the student loan program and cutting staff by more than 40 percent? Mr. Arensmeyer?

Mr. ARENSMEYER. It is mystifying, Congresswoman. We can't figure it out at all. I have talked about the growth in small businesses over the last 4 years. We need to be making sure we are supporting those businesses, and we need sufficient staff to do that. And why anybody thinks we take on a $1.6 trillion student loan program, it boggles the mind.

Ms. VELÁZQUEZ. This Committee has jurisdiction over the Small Business Administration.

Mr. Chairman, when are we going to have a hearing to bring the Administrator in and to explain to us how she will be able to handle the needs of small businesses who need certainty and the student loan program? When will you be asking her to come into this Committee and discuss the reorganization of the Small Business Administration?

I sent—we the Committee Democrats have sent five letters to the Administrator. We haven't received one answer. Remember when you really got upset, Mr. Chairman——

Chairman WILLIAMS. No.

Ms. VELÁZQUEZ.—when the previous Administrator didn't answer your question—your letters? I even joined with you. So I expect the same here.

Later this month, we will be marking up the PROVE It Act.

John, do you have a position on this bill?

Mr. ARENSMEYER. Our feeling is that the structures that are in place right now are sufficient. If they are not being—we have heard that perhaps the RFA is not being sufficiently enforced—let's increase enforcement. The previous administration took steps to improve the OIRA process.

So if we layer another structure on top of this, there is going to be more confusion and more uncertainty for small businesses.

Ms. VELÁZQUEZ. Thank you. I yield back.

Chairman WILLIAMS. The gentlelady yields back.

I now recognize Mr. Alford from the great State of Missouri for 5 minutes.

Mr. ALFORD. Well, thank you. That was interesting.

Thank you, Chairman Williams and Ranking Member Velázquez.

The last 4 years, small businesses have been under attack from an administration determined to crush main street under the boot of Big Government. In the previous administration, federal agencies finalized more than 1,000 regulations, costing taxpayers $1.8 trillion in compliance. That is the same as the entire federal discretionary budget for fiscal year 2023.

It is unacceptable that federal agencies can put this burden on the taxpayers of this country. This outrageous abuse of power by the executive branch is what the American people rejected when they overwhelmingly elected Donald J. Trump as President.

I am proud to support the efforts of the President and the patriots at DOGE working to rightsize our government and ensure that no future administration can unilaterally place such a burden on main street. And yes, I am optimistic. I am optimistic that things are going to turn around in America finally.

I don't have a woe is me attitude. I am glad we are getting the $1.7 trillion loan portfolio over to the Small Business Administration. Finally, maybe 300,000 square feet of office space that was previously unfilled will be filled with people actually at their desk working for the American people.

The student loan program should never have been the business of the federal government to begin with. But now we have it. Let's do something about it, along with the Pell grants.

Mr. Montalban, Biden's war on fossil fuels cost jobs, as you know. It is estimated that it cost up to 59,000 jobs, either people laid off from pipelines and fracking or jobs not realized. And yet, in less than 3 months, DOGE, the Department of Government Efficiency, has laid off some 30,000 federal workers out of some 33 million. That is less than 1 percent. And yet, there is all this outcry.

Are federal workers guaranteed a job for life, sir?

Mr. MONTALBAN. No, Congressman.

Mr. ALFORD. Are workers in the fossil fuel industry entitled to a job for life.

Mr. MONTALBAN. No.

Mr. ALFORD. Why do you think that there is so much outrage over less than 1 percent of the federal workforce being laid off and no one gave a hoot about 59,000 workers, and also farmers who have gone out of business because of the high-input cost from fertilizer that is made out of natural gas? All these implications. The President of the United States targeted the fossil fuel industry, but he trained the crosshairs on the backs of our farmers and the backs of people who work for you. Why is that? Why the discrepancy?

Mr. MONTALBAN. Well, first of all, it is nice to have common sense back in government. And second of all, I don't think that we should be paying any student loans. I put myself through college.

But the bottom line is, in our industry, with Department of Interior Doug Burgum; Chris Wright with the Department of Energy; and Lee Zeldin, head of the EPA, we think we have a new future in the oil and gas industry as small independents, sir.

Mr. ALFORD. Thank you.

Mr. Hughes, I am glad you are here today. $95,000 in added costs. In my area, in the Kansas City market, 6 months before the policies, the green new scam was initiated and these codes were adopted by Kansas City, they were averaging 85 single-family permits per month. Six months after the policy implementation, only 26 single-family permits were issued in total. That is crazy.

Do you have anything against if someone wants to build a nice home for them to add these more efficient measures to their home at their own expense?

Mr. HUGHES. Absolutely not. And I have been dealing with what we would call innovative products since the mid-nineties. More efficient, structurally sound products that we are doing envelopes (ph) out of. It is a much stronger and more efficient structure. The bottom line is it costs more.

And I deal with a lot of folks that have that extra money when they are building their second or third home, but it is not practical to require that of first-time home buyers.

Mr. ALFORD. And yet it is stifling homeownership in America. The American Dream is at risk because this past President, this past administration decided to put their foot on the neck of home builders, tying them up, shackling them with those overburdensome regulations, which is killing the housing market in America. That is why Tracey Mann and I led a letter to the USDA to pause the implementation of these very burdensome regulations so we can keep the American Dream alive.

Mr. HUGHES. The dollar mark on that added—2021 IECC—was around $30,000. $30,000.

Mr. ALFORD. Thank you, sir.

Thank you all for being here today on your own time and your own dime. God bless you.

I yield back.

Chairman WILLIAMS. The gentleman yields back.

I now recognize Mr. Olszewski from the great State of Maryland for 5 minutes.

Mr. OLSZEWSKI. Well, thank you, Mr. Chairman. And thank you all for your time today.

I don't know where to start, so I am going to just try to work this. Hopefully, we can have a bit of a quick conversation in my time today.

I will just start by an observation. I think done right and done in partnership, government regulation can save lives and can boost economic output, done right, in partnership. I hope that is something we can all sort of agree to as a general principle as we go about this work.

I think we can also agree there is certainly opportunities to reassess and to reevaluate, change repeal of regulations that were not done right. And I will just say, I will speak for myself, and I am sure some of my colleagues, we welcome that conversation.

The sense I got from some of the testimony today was that there should not be a one-size-fits-all approach to regulation. Is that a fair sort of observation or takeaway?

Okay. Thank you.

So I would just, I guess, put out there that, perhaps as we consider and have these conversations, we shouldn't take a one-size approach to peeling them back either. So let's take that same approach to unwinding regulations that may be onerous unnecessarily.

And just like we had a conversation today, I do want to associate myself with the comments of the Ranking Member. I truly do, and I mean this authentically, welcome a conversation with the administrator. Hope that she would be willing to answer questions that are proposed by any Member of this Committee, because I think that is how we get to some of that work.

My colleague mentioned outrage about prior employees of the federal government. My guess to the President's joint address was actually a federal employee who was helping those farmers that were mentioned earlier. She worked for U.S. Fish and Wildlife, helping assist farmers in Maryland. She was hired under President

Trump's first administration and she was let go under his second administration because she was promoted. She did such a good job that she was on probation. And so I hope, again, we cannot take this one-size approach in the work that we do.

You know, I guess—you know, I also wanted to lean in. I wasn't planning on doing this on the student loan piece, because for countless businesses, these training programs, these pathways are lifelines and pathways to prosperity for so many people. And so I do think it is critical that we find ways to support that, just as I think we need to do more for homeownership. Homeownership is a great frontier.

So, Mr. Hughes, I think we talked about this a little bit. Is it fair to say that the tariffs that are being talked about might raise the cost of building a single-family home anywhere from $7,500 to $10,000? Any sense of what we are looking at for increased costs?

Mr. HUGHES. A dollar amount, it would be hard to say because it covers so many different products.

Mr. OLSZEWSKI. Okay.

Mr. HUGHES. Who knows where it is going. We have been dealing with tariffs for years, truthfully. Lumber coming out of Canada——

Mr. OLSZEWSKI. Sure.

Mr. HUGHES.—has been tariffed to death already. We are concerned.

Mr. OLSZEWSKI. Yeah. And I heard, you know, the conversations earlier about the costs. We obviously—we don't want to unnecessarily increase costs, but we can agree that increasing costs through tariffs would be another cost that would impact businesses and consumers. Is that fair across the board here?

Mr. HUGHES. Yes.

Mr. OLSZEWSKI. Okay. And I guess just to that point of employees, I do want to, I guess, reemphasize the point of I am uncertain how we can do more to work with businesses as we are peeling away half the workforce of the Small Business Administration, upending offices, moving people.

So, again, I think I just wanted to lead today with reenforcing that we would welcome the conversation with you and with others. So as I have done with prior witnesses, if there are specific regulations that you all would like this Committee to consider reviewing, perhaps repealing, if you could just as a followup submit for the record some of those recommendations, I truly would welcome that, and I know that we as a Committee would be welcoming those conversations.

So I really appreciate everyone's time today.

I will do something rare, Mr. Chairman. I will yield back the balance of my time.

Mr. MEUSER. [Presiding.] The gentleman yields.

I now recognize Ms. Van Duyne from Texas for 5 minutes.

Ms. VAN DUYNE. Thank you very much, Mr. Chairman. Thank you to our witnesses for joining us today.

Small businesses are the foundation, as you know, of the American economy, comprising 99 percent of all U.S. farms and employing nearly half of the nation's workforce. They are instrumental in fostering innovation, creating jobs, and driving economic growth within our communities.

Unfortunately, in 2022, regulatory burdens reached an all-time high of an estimated $3 trillion or approximately 12 percent of the U.S. GDP. And rather than providing the relief, Biden administration added an additional $1.8 trillion in regulatory costs. And as I have emphasized before, every dollar an hour that is spent on compliance is a dollar not invested in hiring employees, expanding facilities, or fostering innovation. Small businesses with their limited resources are particularly vulnerable to these impediments.

President Trump and Administrator Loeffler and congressional Republicans are committed to streamlining government and eliminating burdensome regulations. To date, the administration has halted over $180 billion worth of regulations. And Congress has an important role to play as we explore additional reforms necessary to free up small businesses and promote economic growth.

As a Member of the Oversight Subcommittee, I have consistently worked to ensure that small business owners are not buried under bureaucratic red tape. Earlier this year, I reintroduced the Small Business Regulatory Reduction Act which mandates that cost neutrality in the SBA's regulations and also requires the agency to report to Congress on the financial impact of other financial federal regulations on small businesses.

Without objection, I move to enter a letter from the Small Business and Entrepreneurial Council into the record in support of the bill.

Mr. MEUSER. So moved.

Ms. VAN DUYNE. Mr. Hughes, the price of homes has skyrocketed. You are having issues now with actually being able to get a mortgage. Mortgage rates are high. And as you noted, the regulatory burdens accounted for nearly 25 percent of the price of a typically new-built, single-family home. And I would actually do you one further. I think it depends in what State. While in Texas it may be 25 percent, in places like California it is actually 40 percent.

So what are some of the regulations at the federal level that contribute to this issue?

Mr. HUGHES. Codes. I keep going back to codes. But energy codes in specific. Eighty percent of codes we don't argue about. Health and safety engineering, those things don't change much. But it is when the administration's climate agenda entered into it. Like I say, just one new code, the 2021 IECC, which is the energy code, came in to being. That is when it jumped—jumped an average of $30,000 per house. And that is small houses. Large houses, $30,000. It is hard to swallow.

Ms. VAN DUYNE. How have the home builders in your association responded to President Trump and the congressional Republicans to regulatory commitments?

Mr. HUGHES. Everybody is excited, very excited about the hope that we can get beyond some of these regulations, particularly—and it goes—it goes farther than codes too.

In my home county, we had a town hall meeting a couple of weeks ago with three of our Senators, and some folks showed up in the grading business. We have a severe shortage of lots, buildable lots that small builders like myself can buy to build a house on. And the reason for that is storm water regulations, EPA regulations. And the number that jumped out at me—I have done—I have only done five or six subdivisions over my career, and all very small subdivisions, 20 lots or less, and we didn't have to spend a lot of money in the early nineties for engineering. The number today, the average is $1,000 per lot per—just for engineering.

Ms. VAN DUYNE. That is great information to know. Thank you.

Mr. Johnson, in your testimony, you alluded an issue of a significant noncompliance for the Regulatory Flexibility Act. Would you agree that it is time that the SBA take stock of agencies' compliance and issue a report to Congress so that we can act on these findings?

Mr. JOHNSON. Yes.

Ms. VAN DUYNE. Excellent.

All right. I yield the rest of my time. And thank you very much to our witnesses.

Mr. MEUSER. The gentlelady yields.

I now recognize Dr. Conaway from New Jersey for 5 minutes.

Mr. CONAWAY. Thank you, Mr. Chairman.

And before I get to my prepared questions, I just have to comment on some of these energy regulations. I happen to have upgraded the energy situation in my own home recently, and it was due to a State program helping with that cost. But the reason I did it was because those—that more efficient heating and air-conditioning system saves money over time and would enhance the resale value of my house. In fact, I bought my own home because there were solar panels up on it. I knew it would—I am sure I paid for that in my purchase price, but, you know, it certainty saved me substantial amounts of energy costs, particularly electricity costs, for my home.

And so I think there is a—I guess there is just another side to tell. I am not asking as a question, just making a statement. Energy efficiency has its place. And I guess, you know, when it is applied and when people decide in order to try to achieve those savings, leave it to the individual. But I think the more that homeowners do that, the better off we will be on multiple fronts. The homeowner will save money and will do hopefully better about preserving our Earth for future generations.

I will get to my statement. The United States is part of a global economy that ripples its way through the largest corporations to the smallest businesses on main street. According to government statistics, a total of 20,072 companies exported from New Jersey locations in 2022. And of that number, 18,331 or 91 percent were small-, medium-sized enterprises with fewer than 500 employees.

Furthermore, New Jersey's largest market was Canada. My home State exported $8.4 billion in goods to Canada in 2024, and this represents 20 percent of New Jersey's total goods exported.

The Trump administration's continued rollout of tariffs against our closest trading partners, such as Canada and Mexico, have been unpredictable, to say the least. In fact, I was at a meeting just last night talking to ministers from Europe who are now considering how to de-risk themselves from the United States market because of the chaos they are seeing with respect to tariff policy. It is here, it is there, it is everywhere.

And as I understand it, it was on this Committee just dealing with the small businesses in my community at home, predictability is one of the main things businesses need in order to decide about their investments to grow employees, to bring on new technologies, et cetera. So this unpredictability hurts the American economy and it inherently hurts main street businesses across the country.

Mr. Arensmeyer, in your testimony, you speak on how unpredictable—the unpredictable nature of Trump administration's tariffs hurt small businesses. Can you speak more specifically about what you have heard from small businesses and what tariffs mean for local economies—we have heard some of that here in our Committee, I can tell you—and how tariffs might make economic planning increasingly difficult for such businesses?

Mr. ARENSMEYER. We are hearing from small businesses on a regular basis that they have no idea how to plan. They have absolutely no idea how to plan. They are worried about costs. They worry when dealing with inflation. And now they have to worry about, you know, further inflation, if you will.

You know, we have $3.3 trillion worth of imports into this country, and it is just all through the economy. So, you know, the average small business owner has all sorts of different ways that they are actually going to be impacted directly or indirectly with these tariffs, and they can't even begin to, you know, think about it. They have to think about all their different supplies, all the different things that they put into their product. And they have no time to plan. And they don't know, it could change tomorrow.

So it has been—it is probably the single biggest thing we are hearing from businesses right now.

Mr. CONAWAY. Thank you.

On March 19, the President signed an executive order that seeks to dismantle the Department of Education. And we are going to say more about the significant impacts on New Jersey meeting with the Governor and others here later this week.

And on top of that it is adding—it is cutting employees and adding $1.6 trillion in outstanding student loan debt to SBA's responsibility. Workforce reductions, 43 percent, as I have alluded to. And this change, and I know this legislation is seeking to effectuate that. But you have a shrinking workforce, increase in responsibility, and one wonders how the agency can possibly manage that change.

How can SBA do this job, taking on new responsibilities while cutting the workforce by a significant percentage?

And I will yield back. I will await your answer, sir.

Mr. MEUSER. The gentleman's time has expired.

I now recognize Mr. Stauber from Minnesota for 5 minutes.

Mr. STAUBER. Thank you very much, Mr. Chair. And thanks to all the witnesses for being here and your testimony.

Minnesota's Eighth Congressional District is home to hardworking minors, truckers, loggers, home builders, and energy workers. As their Representative, I hear one thing time and time again: Washington is making it harder for us to do our jobs. These men and women aren't asking for handouts; they are simply asking the government to get out of the way.

As I mentioned earlier, I am glad to have one of my constituents joining us today, Mr. Elden Johnson. He is not just a business owner, he is a main street success story, a voice for rural America, and a firsthand witness to how Washington's red tape affects our way of life in northern Minnesota.

Mr. Johnson, thank you for making the trip out here.

Mr. Johnson, you have had to navigate the mandates related to heavy-duty vehicles. Are electric trucks a feasible option in rural America, and how would these rules affect your ability to deliver goods across Minnesota and the upper Midwest?

Mr. JOHNSON. They are not feasible. In a word, no, not feasible. And if I was to comply with that, I would be completely out of business. We would have to close the doors. The one size fits all doesn't fit here in rural America with no infrastructure.

Mr. STAUBER. So you have a truck loading up by Peterson Wood treating out of Superior, Wisconsin, when it is 25 below, you are not going to go to Ishpeming, Michigan, with an electric truck, are you?

Mr. JOHNSON. Well, I personally wouldn't want to.

Mr. STAUBER. You won't get there. Thank you.

Mr. Hughes, nearly a quarter of the cost of a new home is now regulatory. Yet rulemaking agencies often tell small businesses that it won't cost much to comply with proposed regulation.

You just gave an example in your earlier testimony that one energy rule or regulation, that Congress never voted on, cost a home $30,000, whether it is a bigger home or a smaller home. Can you elaborate on that?

Mr. HUGHES. Well, as we said, it is not a one size fits all. And I am all about energy-efficient products and construction. But it absolutely has to be choice. It can't be mandated.

I have three grandsons under the age of 10, and I am worried, at the pace we are going, they are not going to be able to own their own home——

Mr. STAUBER. Right.

Mr. HUGHES.—even if pawpaw builds it.

Mr. STAUBER. You know, we just had one of my colleagues talk about his personal experience with his own home. That is an example of personal choice.

Mr. HUGHES. Correct.

Mr. STAUBER. He wasn't forced to do it; he chose to do it.

You know, under the Biden administration, they put rules and regulations to the tune of 1.3 rules and regulations per day across their administration that affected each and every one of you. We didn't get a vote on it. These are just rules and regulations that the bureaucrats in the back room think it is a good idea.

We always talk about Main Street America. Small businesses are the engine of our economy. We have to support that.

I have owned a small business for 31 years. We have since sold it. It is amazing the rules and regulations that came out of St. Paul, Minnesota, and our nation's capital.

Mr. Johnson, that makes it more difficult for you to succeed and more difficult for these services to be provided to rural America.

Mr. JOHNSON. Absolutely, without a doubt.

Mr. STAUBER. I will just say that as we go into this next administration, President Trump has stated that for every rule or regulation that comes forward, 10 are going to be removed.

You had one of my colleagues, and I think in good faith, say, which are the rules and regulations that are bothersome to you? I challenge you to bring those, all of them, to us. Bring 10 or 20 a week. We can talk about them. Because every time that I have asked somebody in a Small Business hearing, do you need more or less rules or regulations, they always say less. It is disruptive.

So the four of you, raise your hand if you think that you need more rules and regulations on your small businesses to succeed. Raise your hand.

Just like the other ones. It is just like the other hearings. Not one person raised their hands. And what we have to do is we have to make sure that our small businesses can succeed. And these bureaucrats in the back room in Washington that are putting these rules and regulations on you, it has to stop.

And listen, it just didn't start overnight. It has been going this way for a long, long time. We have to, in a bipartisan fashion, stop this—stop these unnecessary rules and regulations that are punishing you. You are the engine of our economy. Ninety-nine percent of our businesses are small business.

And I yield back.

Mr. MEUSER. The gentleman yields.

I now recognize Mr. Cisneros from California for 5 minutes.

Mr. CISNEROS. Thank you, Mr. Chairman.

Look, I believe when done right, deregulation means increased competition and improves quality of goods and services and price decreases. When done right, deregulation can stimulate economic growth, reduce cost, and make businesses more difficult. But today's hearing is not about deregulation or how we can work across the aisle to actually help businesses. This hearing is an infomercial.

As a coequal branch of government, we should be actively trying to shape how Congress wants support for small business to look like and not just seek to appease the executive by stating the name of our congressional hearing with "the golden age."

Our Committee also has oversight authority. We should be able to hold agencies accountable, and their leadership should come to this Committee room and explain actions or inactions.

I have joined my colleagues in sending letters to the SBA, and they go unanswered. We sit through hearings to listen to what agencies, particularly the SBA, are doing and not doing; we ask witnesses questions to gouge the impact of actions by the SBA and the administration. But we need to bring the director of the SBA here.

So with my time now, I am calling on this Committee to bring the administrator here to publicly answer our questions.

If the administrator were here, I would want the following questions answered: What was the extent of DOGE's access to SBA headquarters and systems, and what was done the SBA to ensure that systems were not abused or accessed by individuals without clearance? What specific offices or departments within the SBA are affected by the announcement of 43 percent reduction in the workforce? Where is the SBA relocating the six regional offices, and will any other offices be closed in the future? How are we appropriating funds being used—or how are appropriated funds being used or not used with the SBA undergoing such drastic changes that Congress has not authorized? What is the SBA's plan to handle $1.7 trillion student loan portfolio with less staff and staff not trained to work with such a complex student loan system?

In announcing the Made in America Manufacturing Initiative, you claim you will find $100 billion in cuts to regulations. Where are you going to find it, and how are you going to ensure cuts don't negatively impact small business owners? Also, in announcing the Made in America Manufacturing Initiative, did the SBA actively mislead Americans by stating that the previous administration was losing an average of 9,000 manufacturing jobs per month?

On the last question, the SBA ignored the fact that manufacturing jobs rose by 721,000 during the first 3 years of the Biden administration. Some was part of the comeback from the pandemic-era job losses, but the Biden administration's final month numbers was still 12,000 manufacturing jobs higher than the last pre-pandemic month of President Trump's first term in office.

The manufacturing employment gains under President Biden were in fact the strongest in 72 years. I sincerely hope the administrator comes before this Committee to work with us to help small businesses flourish because small businesses have fewer options than larger companies to navigate and survive the chaotic actions of the Trump administration.

And with that, I yield back.

Mr. MEUSER. The gentleman yields back.

I now recognize Mr. Wied from Wisconsin for 5 minutes.

Mr. WIED. That you, Mr. Chairman, for holding this hearing. And thank you to all of our witnesses for sharing their experiences with us today.

It is undeniable that the previous administration was anti-business, anti-innovation, and anti-free market. I would like to once again highlight the $1.8 trillion of additional regulations that were needlessly imposed on businesses across this nation.

To comply with these regulations, businesses were subjected to 360 million extra hours of paperwork. As a former small business owner, I know firsthand the disproportionate burden small businesses face to comply with additional regulations.

When the government needlessly increases the cost of operating a business, those that cannot keep up are forced to close their doors. Those who do manage to stay open, spend their time focusing on staying afloat, while innovation and growing their businesses take a backseat.

Working with the Trump administration, Republicans are committed to repealing these harmful regulations and reorienting the Small Business Administration to, first and foremost, help support small business owners instead of continuing to crush them with regulation after regulation.

In just over 2 months, the Trump administration has stopped an additional $180 billion in regulations proposed by the Biden administration.

I look forward to continuing our work to reverse the Biden administration's burdensome regulatory war and allow small businesses to grow, innovate, and prosper.

So, Mr. Montalban, the Republicans on this Committee are steadfast in their mission to reduce the massive number in regulations imposed by the previous administration and to promote the extension of the Tax Cuts and Jobs Act signed into law by President Trump.

If taxes and regulatory burdens levied on your businesses are reduced, what are the downstream effects for your customers?

Mr. MONTALBAN. Well, Congressman, unfortunately, we are just the producer of crude oil and natural gas that comes to your home or to your vehicles. But I can tell you that the regulations that have been brought upon us over the last 4 years were to put us out of business, and they were done through the EPA. This cost us literally, personally on a couple of wells over 100,000 on one well and over 400,000 on another well. So the bottom line was they were doing everything they could to put us out of business through regulations.

Mr. WIED. Thank you.

Mr. Hughes, what current impacts are home buyers facing as a result of increased regulations place on home builders?

As you know, homes can take several years to construct. It is very difficult to, you know, even to buy land to develop property because of all of the regulations. How do the current regulations hinder the construction of new homes in the coming years?

Mr. HUGHES. I guess mainly the added cost, also added time. And there have just been no thought to that added cost. And what that does to—especially the beginner or the first-time homeowner that I mentioned before. It has just about put them out.

Our numbers suggest that every time we add $1,000 to the cost of a new home, you force 100,000—it is actually a little over 100,000—116,000 buyers out of the market.

Mr. WIED. Thank you.

Mr. Arensmeyer, on your organization's website, you mention entrenched discriminatory policies that create obstacles for businesses owned by people of color, women, and immigrants. So what is a specific SBA policy that has this discrimination written into law, and why hasn't the Biden administration repealed that policy?

Mr. ARENSMEYER. I don't believe, Congressman, we are referring to actions like government. I think we are referring to situations in the market that have created dislocations and differences in opportunities. And our organization is dedicated at looking to where those issues are, regardless. And we believe government has an obligation to kind of focus on where the need is the greatest. So it isn't so much about accusing the government of doing something, it is truly just stating a reality, an economic reality.

Mr. WIED. So you weren't referring to the SBA on your website specifically?

Mr. ARENSMEYER. Not that the SBA was doing anything discriminatory, no.

Mr. WIED. Okay.

Mr. ARENSMEYER. If I understand your question.

Mr. WIED. Okay. No, I was just—on your website—it said, Yet these entrepreneurs encounter many obstacles due to entrenched discriminatory policies and practices, challenges that have only been exacerbated by the COVID-19 pandemic. I didn't know if you were referring to the SBA specifically.

Mr. ARENSMEYER. I don't believe we were.

Mr. WIED. You weren't. Okay. So if a policy or practice explicitly favors a certain category of people over others, would you consider that to be discriminatory?

Mr. ARENSMEYER. I think it is an obligation of government to look at where the need is the greatest and look at the economic need. And you find the greatest economic need in, you know, certain communities, urban communities, rural opportunities. It is not limited to a particular race or demographic. And there are programs in place that address those needs, and we support those.

Mr. MEUSER. The gentleman's time has expired.

Mr. WIED. I yield back. Thank you.

Mr. MEUSER. The gentleman yields.

I now recognize Mr. Tran from California for 5 minutes.

Mr. TRAN. Thank you, Mr. Chair. Thank you, Ranking Member. To all the witnesses, I appreciate you being here today.

Mr. Arensmeyer, many of my colleagues on this Committee make regulations out to be this unyielding bureaucratic bogeyman for small businesses. But regulations can also benefit the economy through leveling the playing field, incentivizing innovation, and protecting American innovation from threats like the Chinese Communist Party stealing our intellectual property.

Can you share some of the stories from small businesses within your organization?

Mr. ARENSMEYER. I mean, again, it is about setting up a level playing field. For example, in terms of lending, we see a lot of irresponsible lending going on targeting the most vulnerable small business owners, and you need regulations in order to guard against that.

Price discrimination, the SEC was attempting to deal with. Again, it is the role of government to step in and try to create a level playing field.

So franchise, unequal franchise relationships, you know, the list goes on. And that is a function of government to do that.

And that is why we—we heard a lot about the cost of regulations, but it is really about a cost-benefit analysis. We are the first to argue that perhaps there are regulations out there where the cost is greater than the benefit, and we should look at those.

But you have got to look at the benefit side. If you only look at the cost side of things, we wouldn't have had the PPP. Yes, the PPP created some obligations for small businesses, but it was a huge benefit as well.

So just looking at the cost side of the Biden policies, there was a lot of manufacturing and other money that was—passed by this Congress. Obviously, regulations came along with that. So, again, across the board, we need to be looking at what are the benefits and what are the costs. And we are certain there are cases where the costs outweigh the benefits, and those should be addressed.

Mr. TRAN. I agree with that. And thank you.

To continue on, Mr. Arensmeyer. On March 14 of 2025, the President issued an executive directing that Minority Business Development Agency, MBDA, be eliminated to the maximum extent consistent with applicable law. The Agency which was created by President Nixon in 1969 and codified into law by Congress with bipartisan support in 2021 has been widely successful. In fact, in fiscal year 2024 alone, the Agency helped the country's more than 12 million minority businesses access $1.5 billion in capital and create or retain approximately 23,000 jobs.

What message is the Trump administration sending to small businesses by eliminating the Minority Business Development Agency?

Mr. ARENSMEYER. Well, as you mentioned, Congressman, the MBDA has done a lot of good work. They have 26 offices across the country that are serving small businesses. And on top of that, they are a conduit for a large chunk of the State Small Business Credit Initiative technical assistance money that, by the way, they haven't distributed all of it. You have got about $62 million sitting there. With them going away, who knows if that is going to get distributed.

So they have performed a valuable function. Just to sort of wipe them off the face of the Earth is absolutely not the way you are going to help small businesses.

Mr. TRAN. Thank you, Chairman. I yield back.

Chairman WILLIAMS. [Presiding.] The gentleman yields back.

I now recognize Mr. Meuser from the great State of Pennsylvania for 5 minutes.

Mr. MEUSER. I appreciate that, Mr. Chairman. And thanks to all of you very much.

You know, obviously, our Committee has oversight over the SBA, but we are also about advocating and fighting for small businesses. We are really the only Committee here in Congress. That is our focus. Not just the SBA, but working for you.

And what I am hearing here today is what I hear when I go to my chamber events, when I am doing my main street walkabouts, during COVID, post-COVID, these days, that during the last 4 years have been very, very tough on small businesses. That is just the reality. You know, there is nothing political there. I mean, inflation, supplies were difficult. We had excessive IRS and OSHA drive-bys because they didn't' have any better systems to do anything with, so they were just stopping in on small businesses and creating all kinds of havoc.

Of course, inflation. Okay. Twenty percent during the course over the last 4 years. Energy, up and down to keep your company going, to the cost of logistics and distribution. Workforce issues. I mean, taxes. Taxes. We have lost—taxes have gone up from bonus depreciation to the R&D tax credit. The list goes on.

And now, you know, 199-A is in jeopardy if we don't pass the incoming tax relief that our friends to the left like saying, oh, that is nothing but tax cuts for the rich. Okay. You know, no, it is for all the small businesses that have the 199-A.

And by the way, sir, your organization advocates against 199-A. So I don't even know what to make of that. That is a 20 percent—

I have it in writing, okay. You want a $25,000 tax relief for small businesses and doing away with 199-A.

So let's just get real, as some of our colleagues said. Look, we need to work on the regulatory cost. That is what this administration is going to be about. I mean, things like the beneficial ownership rule that took place. The CFPB. My God, I don't think there is anybody on Earth or in America that was favorable to the CFPB, except maybe someone on the political end of things. The 1071 final rule. A lot of problems that we need to fix.

So, Mr. Hughes, you mentioned that approximately 25 percent of the cost to a new home is attributable to government regulations. Can you discuss, if you wouldn't mind, briefly, how regulations have led to increased—these housing costs?

Mr. HUGHES. Well, touch on the same things. Added codes, added storm water regulations that simply aren't needed. When storm water regulations were first put into practice, they were, and large enough projects they are. But, again, using the same term, one size doesn't fit all.

So added regulations from the ground up. Impact fees, which vary tremendously over the country. We are fortunate in North Carolina, we don't have a lot of impact fees. But it has been a battle since the mid-1980s.

Mr. MEUSER. Right. What about HUD's minimum energy standard? I don't mean to interrupt you, but——

Mr. HUGHES. That is fine. And that goes right back to that added cost to comply with IECC 21. We are looking at $30,000 to $35,000 added cost per house.

Mr. MEUSER. Right. Thank you. We are going to work on it.

The regulatory onslaught, Mr. Montalban, if you could try to sum up regarding energy development in the U.S. I mean, obviously, you have been talking about it. Maybe you would just share some other real-life situations.

Mr. MONTALBAN. Thank you, Congressman.

The bottom line with the small independents is they are trying to regulate us through the EPA on the underground injection control program and the Department of Interior on the bonding program. And the key issues for the small independents would be percentage depletion and the intangible drilling costs.

Mr. MEUSER. All right. Thank you.

The idea of cutting 10 regulations for each new regulation, certainly after the last four years, that is not very difficult.

Mr. Johnson, share with us two or three of the regulations that you find are most harmful to your business.

Mr. JOHNSON. The ELD mandate, the electric logging mandate, some of the EPA regs, and the electric vehicle mandate that is coming is the three that scare us the most.

Mr. MEUSER. All right. Great. Thanks for sharing that.

Now, the TCJA, the Tax Cuts and Jobs Act, of course, most Democrats hate just because it was implemented during the Trump administration. How important is that to your business?

Mr. JOHNSON. Well, I am not sure how to answer that one, sir.

Mr. MEUSER. Okay. The 199A, 20 percent small business tax relief bonus depreciation.

Mr. JOHNSON. Oh, yes. It is a big part. My business saved $11,000 last year. Very, very small business, saved $11,000 last year alone.

Mr. MEUSER. And what did you do with that money? You put it back into your business, grew, became stronger, maybe hired somebody?

Mr. JOHNSON. Yes. It just goes right back in. It all goes right back into the business. It isn't some golden nest egg.

Mr. MEUSER. Exactly. Thank you, sir.

I yield back, Mr. Chairman.

Chairman WILLIAMS. Gentleman yields back.

I now recognize Ms. Simon from the great State of California for 5 minutes.

Ms. SIMON. Thank you, Chair, and thank you, Ranking Member Velázquez.

And thank you, witnesses, for coming in. I have learned a lot in the short period of time about real hurdles that I think it is important for us all to acknowledge.

But before I get into my comments, what I am struck by is we are talking about regulations and the causation of hurting main street all over the country. And I am so excited to serve on this Committee because in this moment in time, clearly, there are ways that we could be supporting small businesses with more efficiency.

That said, I find it difficult to talk about regulation being sort of the poisonous factor in the economy when right now, in this moment, the SBA just took on work that it knows that it cannot do.

And for small business owners like the ones represented here today, because of SBA making the decision to shutter offices in critical areas in the United States, fire thousands of workers who are critical to those small business owners being able to access the small opportunities that we provide, they are not huge opportunities, they keep businesses moving, we are firing staff, we are shuttering offices, and, lastly, we have made the decision to take on federal student loan provision in the SBA.

You tell me who is directing the ship if we truly are about supporting mom-and-pop businesses in the United States of America?

A couple of weeks ago, I hosted an event for over seven chambers in my district. Those key leaders were clear to me that it wasn't regulation that was keeping businesses shuttered. These challenges that these chamber leaders representing thousands of businesses in my district, they lifted up that it was the lack of access to capital, and that already, when they called the SBA, it was hard to get through, the websites weren't working.

They talked about issues that the SBA could do better in providing in real time, like translation services. These chambers talked about the work that they have had to do almost alone to lift up main streets and broadways across my district since COVID. None of them talked about overregulation as a challenge.

So, in fact, three out of four small businesses want government to do more, to come in, to chip in, to answer the phone, to follow up on the website inquiry. But, no, we are shutting offices; no, we are firing staff; no, we are taking on hundreds of thousands of student loans.

So I ask us, what are we really here doing? What are we really talking about? If we really cared about small business, we would be having a very different conversation.

I am curious, to the witness, the Democratic witness—thank you, sir, for coming today. I know one of the issues that many of us in the United States Congress are struggling with is with the shattering of the CFPB.

The work that the organization did, this federal agency did, was to protect not just elderly people fighting scams, but the small business owner. And I know the CFPB worked in conjunction with the SBA.

I am curious, how would you in this moment, sir, explain how the regulations preventing medical debt, for instance, from being reported on credit score reports might help a small business?

Mr. ARENSMEYER. Well, Congresswoman, as everyone at this table can attest, your personal credit is absolutely essential, especially when you are starting a small business, and for many years of growing a small business.

So if medical debt reduces your credit rating, inability to get loans because of your credit situation, that absolutely impacts business.

And there is a real intersection, especially with smaller businesses and a lot of new businesses that have been started, self-employed businesses, where personal and business debt are essentially the same thing.

The only regulation, the only provision of Dodd-Frank that related directly to small businesses was 1071, which was simply track where you are making the loan so we know, so we get information, so we can do a better job, so the industry can do a better job targeting people and making sure there is a broader range of credits available.

So the CFPB was actually beneficial to small business, both in terms of 1071 and in terms of helping entrepreneurs avoid scams and be able to improve their credit.

Ms. SIMON. Thank you. You have just made my point, that we are making work harder for small business owners. We are making their lives less equitable in this moment.

And I want to thank all of you all for being here today. Thank you.

Chairman WILLIAMS. Gentlelady yields back.

I now recognize Mr. Bresnahan from the great State of Pennsylvania for 5 minutes.

Mr. BRESNAHAN. Thank you, Chairman Williams, for holding today's hearing.

As many of our witnesses pointed out today, the last 4 years have been brutal for our small businesses, from COVID shutdowns and supply chain issues to runaway inflation, and we will focus on today, an overburdensome regulatory environment.

Many of our small businesses were crushed by this wave and did not survive. Many of those that did survive only did so by the skin on their teeth.

We must begin now to get back to our small businesses and entrepreneurs who are disproportionately affected by this mountain of regulation.

The current state of regulation in America is an opportunity cost. Just a few months ago I was in the same situation as our witnesses, balancing my company's budget and being forced to make tough decisions that affected the future of my company.

I could give a laundry list of what I wished I could do with the profits, but too often I was forced to divert funds and working hours towards compliance of the complex and often unnecessary network of regulations.

Large corporations can survive this. Another fee to a lawyer or hiring an additional compliance officer or even a government affairs team won't make a dent on their income statement. To our small businesses, however, the legal fees and fines from regulations are make-or-break costs.

I look forward to working with our small businesses, this Committee, and the administration to cut the red tape holding back economic growth in America.

Now I would like to ask a few questions to the panel.

Mr. Johnson, I am sure if your business is anything like mine, taking a day to come to Washington, D.C., here to testify means a lot. So I do appreciate you coming here to hear firsthand what it is like for small businesses to go through.

But I was a heavy highway electrical contractor in my past life. We had about 350 pieces of equipment on the road.

Are there any specific regulatory challenges that you would hope to see ease through this administration?

Mr. JOHNSON. Just the EPA mandates. The ones that we have are not working. I am sure that there are better solutions than what we had. What we have isn't working. That is our biggest hurdle, I believe.

Mr. BRESNAHAN. What was it like—I mean, what was it, 2008, when the dry DPF took into a place? I know we ran a bunch of Ford F-550 bucket trucks with the old 7.3 inside of them. And, I mean, constantly we were dealing with the DPF filter and needing to go into the D-rate situation.

Has the compliance or at least the wet DPF been any more beneficial or easier to run?

Mr. JOHNSON. No, no. Very troublesome. Repair bills all the time. Trucks down all the time. One of my constituents in northern Minnesota had 21 trucks in the logging industry, and he said he needed 21 to keep 15 on the road every day just because of the sensors in the cold weather. And these things don't work, one size fits all doesn't work in our industry.

Mr. BRESNAHAN. I appreciate that and echo your comments and concerns.

And, actually, the city of Philadelphia implemented a diesel particulate filter requirement for anything over 50 horsepower where you have to go to a Tier 4 diesel. And if you can even acquire or procure that specific piece of equipment, it was hard to come by, specifically during the COVID era.

How have the regulations affected your business' ability to compete with larger firms?

Mr. JOHNSON. Well, we don't have a lot of DEF trucks, only a few. I think we are all on the same level. They are suffering just as much as we are. The big companies still have the same problems, it is still the same trucks, it is still the same issues, it is still the same repair bill, it is still the same employee that goes home that day without work.

Mr. BRESNAHAN. I will redirect my questions to Mr. Montalban.

I recently had the EPA Administrator, Lee Zeldin, in my district to talk about the energy demands needed to grow our manufacturing base and economy.

How have the Biden administration's regulations held back our energy industry? And what can Congress do to unleash our domestic energy production to meet the demands of the 21st century economy?

And the reason I ask that is I am from northeastern Pennsylvania. Wayne County, by some estimates, has $900 million worth of natural gas under our own feet. And with the explosion of AI data centers we are constantly looking for increased energy production, specifically for electricity.

But can you point to one regulation that totally crippled our ability to produce domestically?

Mr. MONTALBAN. Thank you, Congressman.

It is very easy. The methane rules and how the methane rules, both subpart W and the Quato B and Quato C, brought us into the regulations to put us out of business.

And I would like to touch with the other Members of this Committee that we are regulated, and we work with the EPA, the port of oil and gas, the Department of Interior.

Chairman WILLIAMS. Gentleman's time is up.

Mr. MONTALBAN. And so we have many regulatory bodies.

Chairman WILLIAMS. Gentleman's time is up.

Mr. BRESNAHAN. Thank you. I yield back.

Chairman WILLIAMS. I now recognize Mrs. McIver from the great State of New Jersey for 5 minutes.

Mrs. MCIVER. Thank you, Chairman, and to my

Ranking Member Velázquez, for having this hearing.

And thank you to our witnesses for joining us today.

At a time when small businesses are driving economic growth, the role of smart, effective regulations has never been more critical.

Regulations provide the foundation for fair competition, ensuring that entrepreneurs, no matter their background, have a real chance to succeed. Strong regulations protect small businesses from predatory practices, promote access to capital, and create an environment where innovation can thrive.

In my home district, the 10th Congressional District of New Jersey, we saw firsthand how regulatory safeguards put in place by the Biden-Harris administration helped usher in the historic growth among small businesses.

We must continue to ensure that critical protections remain in place to protect small businesses against large corporations, help create jobs, and preserve the American dream for future generations of entrepreneurs.

With that being said, I have a few follow-up questions to some of the comments that were made today.

Mr. Hughes, specifically you spent a lot of time talking about the cost on building and how it hasn't increased.

Do you think that the cost of building was cheaper before COVID-19?

Mr. HUGHES. Sure, it was. It was cheaper prior. But I don't feel like there was a connection with COVID that had——

Mrs. MCIVER. Thank you. So basically it was cheaper to build before COVID-19. You have not mentioned that through all of your talks about some of the elements of the cost of housing.

I know in the 10th Congressional District, and in New Jersey specifically, we have a shortage of about 200,000 affordable housing units specifically that we are dealing with right now. And many times when I speak to small developers, they talk about the cost around COVID-19, before COVID-19, and how materials went up and the cost of that.

But you have not mentioned that in talking about some of the cost of that, some of the reasons for the cost now based off the past administration and now.

With the new tariffs being introduced, Mr. Hughes, what kind of impact do you see, especially on steel and lumber?

Mr. HUGHES. It will have a huge impact because it involves so many of the materials that we use—copper, aluminum, steel, lumber.

And like I said earlier, we have dealt with tariffs for years. That is nothing new for us. And as has been mentioned, it makes it very unpredictable, hard for us to know where the cost is going.

Mrs. MCIVER. However, but these new tariffs on lumber specifically and steel are based upon this current administration, the Trump administration, not previously.

Mr. HUGHES. Sure.

Mrs. MCIVER. Just want to put that out there on the record.

And then, secondly, I do want to mention something. You spent a lot of time, and I heard one of my Members across the aisle talk about it, too, about the waste of some of the standards that we have now and how that drives costs up, which I could understand that.

And I think that different agencies, especially ones that we govern in Congress, should do something more to be able to help small developers in some of these standards, but it doesn't mean that the standards are a waste of time.

Specifically, I want to point out for those that may not be aware and just for their own knowledge the importance of energy standards.

One, energy efficiency construction. We need that especially in our urban cities.

Energy savings for renters. I am sure many families would love to save on energy, especially in my district who are seeing the costs go up in energy.

Enhancing comfort and health, always very important with the new energy standards being introduced.

And lastly, reducing the carbon footprint, which is very important. We need eco-friendly housing in our communities, especially in those that I represent in New Jersey.

With that, I yield.

Chairman WILLIAMS. The lady yields back.

I now recognize Mr. Downing from the great State of Montana for 5 minutes.

Mr. DOWNING. Thank you, Mr. Chair.

And thank you to the witnesses.

My background, I have built businesses in highly regulated industries. You may say I am a glutton for punishment. I have done it in securities and insurance and alcohol. So I have seen how heavy-handed regulation can cause problems, not just in running a business but also in raising capital.

When you are trying to attract capital, if you have a bar that is always changing in the regulatory environment, it is hard to get capital if they don't know where that bar is going to be. You can always plan a business to a bar being someplace.

So I have seen how that—how heavy-handed regulation can stifle growth, stifle investment, stifle job creation, stifle innovation, and how ambiguity in this regulation causes the problems I talked about of attracting capital.

And end of the day, you want to build a business, you need to somehow find out how to fund it. Money is what drives so many things in this regulatory environment and cause problems.

I am particularly excited to be joined here by a fellow Montanan, Mr. Montalban—thank you for being here—deeply rooted in Montana's energy sector, and I appreciate that.

Thank you for being here today.

And I want to talk to you about how the last administration has deeply hampered American energy production, hurting our ability to provide affordable, reliable, resilient power to our communities. I think about that all the time in energy. Reliable, affordable is important to building that American dream.

So I want to just quickly, how did the Biden administration's overbearing environmental regulations make it difficult for Montana oil and gas producers like yourself to operate?

Mr. MONTALBAN. Thank you, Congressman Downing.

The methane rules with subpart W and Quato B, Quato C bringing us into testing of all the wells in Montana was critical and very damaging to the small independent.

But the biggest one that we are seeing now is the EPA with the underground injection control program and holding up permits in Region 8 in Denver, Colorado.

Mr. DOWNING. Thank you.

Last year, the Biden administration's Bureau of Land Management, BLM, released its final fluid mineral leases and leasing process rule. This rule significantly increased the financial bonding requirements for oil and gas operations in order to cover for the abandonment of wells.

Again to Mr. Montalban, how has this rule disproportionately impacted your business and smaller oil and gas operations across our country?

Mr. MONTALBAN. Thank you again, Congressman Downing.

As we mentioned earlier, a single well bond went from 10,000 to 150,000; multiple well bond went from 25,000 to 500,000.

We cannot by surety bonds, you are well aware of that.

Mr. DOWNING. Right, right.

Mr. MONTALBAN. So these are cash bonds.

And on the other side of that, we are also well bonded on the EPA, the BLM, the State of Montana side.

So the bottom line is that that has taken away all possibilities of buying and selling transaction on federal lands.

Mr. DOWNING. Thank you.

Do you believe that the BLM under the Biden administration adequately consulted and took into consideration the concerns of the oil and gas producers while drafting this rule?

Mr. MONTALBAN. Congressman Downing, indeed, great question. I can give you an example of Bill Fulton out of Billings, Montana, that contacted the BLM during this process, and he wanted more time to give his partners and royalty owners time to answer and ask questions about this, and they would not even allow him to do that.

Mr. DOWNING. Thank you.

Going back to one of my themes, on the American Dream, I think of the American Dream as being able to buy your first home, and I wonder how young families are able to do this.

So I am going to move on here to Mr. Hughes.

One of the things that struck me in your testimony is pointing out that over 100,000 households would be priced out of the housing market if the median new home price in the United States raises by a thousand dollars. This is while 75 percent of U.S. households already are unable to afford a median price new home. That is incredibly concerning to me.

So, Mr. Hughes, in this environment, do we need more or less regulation in the home construction industry?

Mr. HUGHES. Well, obviously, we think we need a lot less. And there are other things that we could focus on rather than continuing to increase the regulation.

The reality is that homes that we have built in the last 20 years really performed very well. But the existing stock is where a lot of our energy is wasted. And we would like to see more focus put on that.

Mr. DOWNING. Right. And in the Biden-Granholm Department of Energy, they created numerous restrictive energy efficiency standards for household appliances, like refrigerators, air conditioners, lighting.

How have these regulations impacted the home builders and the average American family's ability to buy a home?

Mr. HUGHES. Well, just the increased regulation on appliances is a whole nother can of worms that we could talk on forever. And we do see those starting to back off some.

Mr. DOWNING. I have run out of time. Thank you for your answers.

I yield, Mr. Chair.

Chairman WILLIAMS. The gentleman yields.

I now recognize Dr. Morrison from the great State of Minnesota for 5 minutes.

Ms. MORRISON. Thank you, Mr. Chair, for holding this hearing. And thanks to our witnesses for your testimony.

I acknowledge that regulations can create additional requirements for small businesses, and as a physician, I am also acutely aware of the important role that regulations play in keeping Americans safe and healthy.

Heat is a leading cause of weather-related deaths in the United States. Excessive heat in the workplace can cause heat stroke and even death if not treated properly. Heat injury and illness prevention standards help prevent workers from succumbing to heat-related illnesses and being hospitalized.

Flooding is the most frequent and costly natural disaster in the United States. Flood risk management standards help reduce the effects of current and future flood hazards, helping prevent our homes from being destroyed by flooding.

As climate change intensifies storms and increases the severity of hurricanes, we need federal standards to ensure that our communities are more resilient to extreme flooding. Many EPA regulations ensure that toxins do not end up in our environment, our air and our water.

EPA's underground injection program's regulations do ensure that the brine from oil and gas extraction that contain toxic metals and radioactive substances does not contaminate people's drinking water.

These are just a few of the many examples of why regulations, when implemented correctly, are important tools for reducing harm.

One way we can reduce the burden of regulations on small businesses is by creating a consistent and predictable regulatory environment.

Mr. Arensmeyer, during your testimony you said that small business owners across the country look to their representatives in government to help provide certainty, predictability, and stability in the business environment in which they operate.

How does the unpredictable and haphazard rolling back of regulations impact small businesses and affect their ability to plan for the future?

Mr. ARENSMEYER. Well, small businesses, as we have said, really need as much predictability and certainty as possible. And we all recognize there may be need to address regulations. But once regulations are in place and you have kind of gone through the analysis, you want to lock them in. And small businesses then will adapt.

And, as heard, it is sometimes costly for them to change. So if you have certain regulations governing a certain way to do things and all of a sudden you come in and say, well, maybe that wasn't so good, we are going to change it, that is actually a cost to small business.

So we need to look at not only the sort of cost of the original regulation, but you need to look at costs of going in and tinkering with that.

Ms. MORRISON. Thank you, sir.

In addition to introducing regulatory uncertainty, the Trump administration's trade policies have been erratic and unpredictable, I think, at best. Proposing, then pausing, then ultimately implementing tariffs on Canada and Mexico has created uncertainty for small businesses and consumers.

I worry that President Trump's volatile trade policies will have dreadful consequences for our economy, with President Trump himself admitting that his tariffs will cause a period of transition.

Small businesses often operate on smaller margins than larger businesses, so a period of transition could be enough to force small businesses to close their doors permanently.

Mr. Arensmeyer, again, could you describe how economic periods of short-term pain caused by tariffs will be especially impactful on small businesses?

Mr. ARENSMEYER. Well, we have already seen a whipsawing of this dating back even before President Trump took office. Small businesses all of a sudden were saying we have got to go out and buy extra inventory, which is also inefficient in many cases; in some cases the businesses don't have the cash to do that.

And since President Trump has come into office, we have seen this whipsawing back and forth. Even today—tomorrow, I guess, is the big day—we are not really sure what is going to happen.

And as I mentioned, you have got so many different elements in the supply chain that are impacted by these; in many cases for small businesses might have multiple ones. They don't really know, depending the country it comes from, depending on what the product is. We have got an ice cream shop in our network, and he gets his sprinkles from Canada. I mean, who knew?

So it is everywhere. And the more volatility you have, the more uncertainty based on country, based on product. It just makes it impossible for small businesses to do any kind of planning.

Ms. MORRISON. Thank you, sir.

Thank you, Mr. Chair, and to all of our witnesses.

I just want to end by saying that I hope that we can all agree that we should reduce regulations where costs outweigh the benefits and cut down on unnecessary bureaucratic red tape, and that we should issue this in a responsible—we should approach this in a responsible manner. And I am open to working with my Republican colleagues to do just that.

And with that, thank you, Mr. Chair. I see that my time has expired, so I will yield back.

Chairman WILLIAMS. Gentlelady yields back.

I now recognize Mr. Finstad from the great State of Minnesota for 5 minutes.

Mr. FINSTAD. Thank you, Chairman Williams, and thank you for holding this Committee hearing today.

Thank you to our witnesses for taking time away from your businesses to come here and share your stories with us.

As a small business owner myself, I have seen the impact of regulations and the mounting compliance costs and what they can have on a small business.

The Biden administration alone—and we have heard it over and over again today—has added in the last 4 years over $1.8 trillion in new regulatory compliance costs.

But a point that hasn't been talked about that is as important and as devastating, I think, to small businesses is over the 356 million hours in paperwork that it has caused small businesses. The last 4 years have been the most burdensome regulatory environment in history.

In 1980, Congress passed the Regulatory Flexibility Act to protect small businesses from these type of burdens. Unfortunately, the Biden administration disregarded the law to push a far left agenda that has hurt our small businesses and communities.

So with that being said, I want to talk to a fellow Minnesotan, Mr. Johnson. And that couldn't be more of a Minnesota name. There are about 10,000 Mr. Johnsons in Minnesota.

So, Mr. Johnson, as a fellow Minnesotan small business owner, you know firsthand the impact of overregulation and what it has had on small business owners. Last year the House passed my legislation, the PROVE IT Act, to strengthen the RFA and protect small businesses from these impacts.

In part, the PROVE IT Act would force agencies to consider the true cost of their regulations, force agencies to comply with the RFA, and give small businesses a seat at the table in the regulatory process. If agencies fail to comply with the law, small businesses would be exempt from that regulation.

Do you think, Mr. Johnson, that federal agencies should be required to comply with existing law that requires them to limit their impact on small businesses?

Mr. JOHNSON. Yes. Agencies are not lawmakers. They need to be held accountable when they disregard protections for the small businesses that have been enacted by Congress and signed by the President.

Mr. FINSTAD. So you have all talked about different regulations maybe in general, but there has been some specifics.

Mr. Johnson, do you know by name the faceless, maybe nameless bureaucrat that is establishing those rules or regulations that you have to comply with?

Mr. JOHNSON. No, sir, I do not.

Mr. FINSTAD. So come election time, you can't throw them out of office?

Mr. JOHNSON. No, I cannot.

Mr. FINSTAD. Right. Okay.

In your opinion, do you believe agencies should consider both the direct and indirect costs, like the paperwork hours, that their regulations put on small businesses?

Mr. JOHNSON. Yeah. The true cost of regulations is actually behind the scenes in all the time it takes to comply with it, the paperwork hours and just simply the filings and filings and filings that never end.

Mr. FINSTAD. So, Mr. Johnson, as I said earlier, I am a small business owner myself. And I would assume it is probably similar to you; you don't have a stable full of lawyers, compliance officers, regulatory specialists. You go down the list.

Mr. JOHNSON. All of the above, right here.

Mr. FINSTAD. So it is safe to say that you are the janitor, the carpenter, the mechanic, the HR professional, the legal adviser, the master time card keeper, all of it.

Mr. JOHNSON. Absolutely. And what I can't do, I have to hire done with compliance companies. You have to have compliance companies to keep you compliant now because of all the rules.

Mr. FINSTAD. So, lastly, Mr. Johnson, do you think small business owners like yourself should have a larger voice in our nation's regulatory process?

Mr. JOHNSON. Yes. I believe we should be heard. And maybe they should be tailored to meet our needs, not just a one size fits all.

Mr. FINSTAD. Yeah, and that is a good point. And I heard some of my colleagues in the minority that had talked about regulations as a way to level the playing field. And the fact of the matter is, if you are a small mom-and-pop business, Small Business America, it isn't leveling the playing field, because you are the carpenter, the janitor, the timekeeper, the HR director, the everything, and you don't have the man-hours, where maybe a large business can take that cost over their bandwidth. And so it does put us, as a small business, on an unlevel playing field.

So I want to just thank you all again for being here. I know this costs time and money and effort. I am sure some of you woke up this morning making sure your employees were at work, where your trucks were heading today, and I know that is a stressful situation. So I appreciate you taking time.

Mr. Chair, I would also like to submit into the record a letter from the Associated Builders and Contractors, a letter of support of the PROVE IT Act.

Chairman WILLIAMS. So moved.

Mr. FINSTAD. Thank you, Mr. Chair.

And, again, thank you, witnesses, for being here.

I yield back.

Chairman WILLIAMS. Gentleman yields back.

I now recognize Ms. Scholten from the great State of Michigan for 5 minutes.

Ms. SCHOLTEN. Thank you, Mr. Chair.

Gentlemen, thank you so much for being here.

Two years ago a groundbreaking story broke out in my district about children, some as young as my two boys, working in factories where foods like the breakfast cereals that many of us eat across America, Lucky Charms and Cheerios, are packaged.

These children were handling machinery that could tear their fingers off. The company used a staffing agency to hire workers for this plant, but did not require the agency to verify ages against Social Security numbers.

Regulations keep us safe. Regulations protect some of the most vulnerable among us. Regulations protect our children. Regulations themselves are not the enemy. But regulations that are overly burdensome, overly cumbersome, and don't do the work that they set out to do are the problem, and we need to be clear-eyed when we talk about that.

Mr. Arensmeyer, how can Congress do a better job of ensuring businesses know the, quote, "rules of the road" when it comes to regulations that keep workers safe?

Mr. ARENSMEYER. Well, a couple things.

First of all, Congress has an oversight role. And we have heard again that the RFA may not be working all that well. Congress has an opportunity to identify that and to make suggestions.

Congress can also make sure there is enough funding to help small businesses, to support the Office of Ombudsman at the SBA, to make sure small businesses understand and get the support that they need.

A lot of the time some small businesses simply need to know—they need help, they need understanding. So making sure that those resources are in place.

So it is the oversight and making sure that there is enough money being allocated to make sure the regulations are being implemented in a fair way.

Ms. SCHOLTEN. Thank you.

My district in west Michigan is home to one of our State's 46 Community Development Financial Institutions, or CDFIs. These CDFIs have deployed billions in loans in my home State, resulting in over 41,000 permanent jobs and 27 million square feet of real estate development. There are about 25,000 small and micro businesses in Michigan that have benefited from the support of a CDFI.

Mr. Arensmeyer, coming back to you. Your testimony highlights how the Trump administration's recent executive order to dismantle CDFI funds which provide funding to CDFIs around the country would impact small firms.

If the CDFI Fund cannot support CDFIs like the one in my district, what kind of impact can we expect on our local economy?

Mr. ARENSMEYER. Well, small businesses—the marketplace has frozen out a lot of businesses who don't have the collateral, don't have the credit score of some better-off businesses. And so there are government programs that support that.

And the CDFI, the CRA, the Community Reinvestment Act, provides for private financial institutions to put money into a system where that is more mission-driven. But the CDFI Fund also supports that.

And, again, it is a cut that is directly impacting the most underresourced businesses. There is no other way to put it. And we are pleased to see that in the Senate there is actually bipartisan pushback on that, really pretty strong bipartisan pushback.

So hopefully—we are hoping that perhaps the House will also take a look at that because these are—CDFIs exist in every red, blue, and otherwise district in this country.

Ms. SCHOLTEN. Thank you.

One last comment and question for you.

Another thing that regulations can do is provide a stable economic environment helping people to understand that there are rules of the road to follow.

I just came back from hosting two in-person town halls in my district last week, hundreds and hundreds of people showing up at each one.

My constituents are worried about the myriad of uncertainties coming out of this administration, one of them being the detainment of individuals who are legally working here, detained just because of the color of their skin, they happen to have a tattoo that, God forbid, promotes autism awareness or celebrates their mom and dad.

In Michigan, our service and hospitality industries rely heavily on immigrant workers.

Mr. Arensmeyer, can you speak to the economic impact these industries will face if they are unable to find and keep the workers that they need?

Mr. ARENSMEYER. Well, small businesses are already facing huge pressures on workforce coming out of the pandemic, and that has continued. And now to not only have employees rounded up, but the fear of that happening so they don't even come to work has created—it has impacted operations. And, again, it gets back to this whole issue of certainty, if you don't know that you have got a workforce.

Chairman WILLIAMS. The gentlelady's time is up.

Ms. SCHOLTEN. Thank you, Mr. Arensmeyer.

Mr. ARENSMEYER. Big impact.

Ms. SCHOLTEN. Appreciate it.

Yield back.

Chairman WILLIAMS. Gentlelady yields back.

I now recognize Ms. Goodlander from the great State of New Hampshire for 5 minutes.

Ms. GOODLANDER. Thank you, Mr. Chairman.

And thank you to our witnesses for being here today.

I want to pick up where you just left off, sir. You, in your written testimony, pointed out that the National Federation of Independent Business has released last month its uncertainty index, which rose to the second-highest reading on record last month.

Can you speak to—I have traveled all across New Hampshire. If I had to capture the word that describes how small businesses are feeling across my State, it is "uncertain." It is the crippling uncertainty of a trade war with Canada, our neighbor to the north. New Hampshire shares a 58-mile border with Canada. So many of our small businesses rely on that partnership, which has been a model for the world.

Can you tell us more, why do you think we are at record high levels of uncertainty in this country?

Mr. ARENSMEYER. Well, for all the reasons you have stated. The fear of not knowing what is happening with tariffs, the attacks on a workforce that small business owners need, the gutting of programs that are vital to small businesses.

And it is coming like a tsunami. I mean, this is not like a little bit here, a little bit there. This is like in the last two months, it has just been hurtling at small businesses.

And they are really, I will tell you, they are really scared. We talk to them every day. They are petrified. And they don't know where it is going.

And as I said before, we have this big sort of event tomorrow and they don't even know what is going to happen. The administration—the President could change his mind and decide I am not going to have this tariff this month; maybe next month.

So it is—we have never seen anything like this before.

Ms. GOODLANDER. I heard from one of my constituents in Hopkinton, New Hampshire, who wrote to me to say that the threat of a trade war and the tariffs that have been imposed so far are causing customers to cancel projects and suppliers to preemptively raise prices for tariffs that may or may not materialize.

Can you talk to us about how consumers are going to feel the pain of a trade war with Canada?

Mr. ARENSMEYER. Well, absolutely. If this impacts businesses' ability to deliver products, then that is going to impact consumers.

And one way or the other, you are going to see price increases. The whole notion that somehow everything we are doing is to bring down inflation, it is the exact opposite. If you can't get workers, if you are getting huge price hikes and you don't know if you are going to get huge price hikes and so you are making business decisions that are inefficient, ultimately, that is going to be reflected in higher prices as well. So consumers are absolutely going to feel the pain.

Ms. GOODLANDER. We have got a housing crisis in New Hampshire, and we have got a real imperative to build tens of thousands more homes in the next 5 years. This is a problem that I have found partnership with people at every level of government in New Hampshire, and it is a problem that I am really committed to addressing.

There was some talk about the median single family home price in this country. In New Hampshire, it is above $500,000.

I wanted to ask you, Mr. Hughes, I am all about cutting red tape and creating efficiencies wherever we possibly can. If you had to advise this Committee on the top three changes that we could make to make home building more efficient and effective in this country, what would you prioritize?

Mr. HUGHES. First of all, I keep going back to codes, that there is no question the increase in energy codes or IECC, energy and conservation codes, that was the sharpest increase that we have experienced in years. So we would like to roll that back, most of all.

Ms. GOODLANDER. Has the threat of a trade war with Canada had an impact on home builders in this country?

I want to submit, Mr. Chairman, for the record an article from the Boston Globe this month entitled, "Tariffs could drive up New Hampshire housing costs even more, developers warn." Your organization is quoted here.

Home builders in my State have sounded the alarm on the costs that this trade war is going to exact on home building and on homebuyers.

So can you please speak to that?

Mr. HUGHES. Sure. Like I have mentioned earlier, we have dealt with tariffs for years. And it is going to be another 25 percent. It is going to be terrible, to say the least. But we have had to deal with it for decades because——

Ms. GOODLANDER. What would you say is the closest precedent that we should look to? Because, as I understand it, we have never seen the threat of this kind of trade war with Canada before.

So when you say we have dealt with this before, what should we be looking to?

Mr. HUGHES. We have just dealt with tariffs on Canadian lumber because—and this goes back into the 1990s with the first softwood lumber agreement. And it was all over dumping of products from Canada that harmed domestic lumber mills. And so we have been paying those tariffs forever.

Now, to get into the particulars or the weeds about what is fair and what is not fair between the two countries, I am not that expert. But like I say, it is—yeah, we are very concerned about additional tariffs, but we have been dealing with it for a long time.

Ms. GOODLANDER. Thank you. The people of New Hampshire share your concern.

And with that, Mr. Chairman, I yield back.

Chairman WILLIAMS. Gentlelady yields back.

I now recognize Mr. McGarvey from the great State of Kentucky for 5 minutes.

Mr. MCGARVEY. Thank you, Mr. Chairman.

Appreciate everybody being here today.

Look, I am going to read the headline from The Wall Street Journal in a story written last night on its website. It just says simply, "U.S. stocks post worst quarter since 2022 on threat of trade war."

In Q1 of 2025, the S&P 500 dropped 5.1 percent and the NASDAQ fell 10.3 percent and the DOW sunk 2.3 percent.

On Sunday of this week, Goldman Sachs predicted that higher tariffs, weak economic growth, and greater than expected inflation would depress the S&P another 5 percent and just might cause a recession. In fact, they gave that a one-in-three chance.

It is not just Wall Street feeling this. I think what we know in this Committee, that main street feels this too. Data released last week from the University of Michigan's Consumer Sentiment Index shows main street feels it and that Americans are more worried about their economic well-being than at any time since the pandemic.

Concerns about the job market are greater than they have been at any point since 2009. I know this. I spoke to a home builder in Kentucky over the weekend who said they are raising their prices, and he feels a recession is coming.

This is not a golden age that is being ushered in.

And people's anxiety right now doesn't just come from regulations. Go to any small business in any district in America, and I promise you, they are going to find regulations and tell you about regulations they don't like and don't make sense.

But I think what they will also tell you is they want certainty. And so what you are seeing right now out of the White House is the opposite of certainty. You are seeing a reckless and revelrous approach to governing, and it is not just putting uncertainty in the regulatory environment; it is putting in every single part of our economy. Of course it is.

Every week right now we are seeing people who work for the President go on TV and say they have no idea whether he is going to follow through on his threats to annex Greenland, impose a 200 percent tax on Guinness, or get rid of FEMA.

If his closest people don't know what he is doing, how do we expect the small business owners in our district to know what is going to happen?

So, Mr. Arensmeyer, a question for you. What do you think is toughest for small businesses to operate under, smart, well-crafted policies that agencies take years to write and implement or the Trump administration's whiplash economic policies that are making everything more expensive, destroying supply chains, and cutting off critical export markets?

Mr. ARENSMEYER. Well, we have never seen anything in the 20 years I have been running the Small Business Majority, we have never seen anything like this in such a short period of time.

Our own—we just got these numbers yesterday, didn't make it into my written testimony. The confidence levels are just plummeting in the regular surveying we do of our network.

So compared to a smart regulatory system, there is no choice. I mean, this is really—I have never had a small business—and, yes, there are regulations, a lot of them are State and local. And we are very active in pushing back on regulations at the local level or State licensing regulations that are too onerous to keep small entrepreneurs out.

But overall, regulations have never been that important in terms of the lists of stuff. And right now, believe me, we are not hearing a word about regulations from anyone out there. We are hearing about tariffs, we are hearing about mass deportations, we are hearing about slashing of programs, and that is where it is at right now.

Mr. MCGARVEY. Yeah. And this brings me no joy to bring this report.

And at the end of the day, I root for America. I want our economy to be doing well. I want our trade policies to be doing well. I want our small businesses to be doing well and people's 401(k)s to be doing well. They are not right now under the uncertainty that is being caused by this administration.

I know this. Companies in my district are already hurting from this trade war.

Just quickly about the trade, tariffs aren't good or bad. Tariffs are a tool. A hammer is a tool. It is a good tool for putting a nail in a wall. It is not so great to use it to fix your iPad. How you use these things matters.

And these indiscriminate trade wars right now we are feeling the impact of in my district, the bourbon industry in particular. Under a 25 percent retaliatory tariff from Trump's first term as President, their exports were cut in half. Now they are talking about a 50 percent tariff that is set to go into effect tomorrow.

And he is raising all of our prices and hurting the economy. And for what? For what? A tax package that isn't going to help main street. It is going to help the richest executives and companies on Wall Street.

With that, Mr. Chairman, I yield back.

Chairman WILLIAMS. The gentleman yields back.

I now recognize Mr. Jack from the great State of Georgia for 5 minutes.

Mr. JACK. Well, Mr. Chairman, I appreciate you saving the best for last. I am very grateful for this hearing.

And if I could, Mr. Hughes, I would love to start my line of questioning with you.

First and foremost, want to thank your association for its leadership in trying to generate affordable homes and to make housing more affordable for my constituents and, really, all Georgians.

But specifically, I really welcome your testimony. And I am curious, how would you say burdensome regulations limit your ability to meet the growing demand for single-family homes, and what policy changes would most effectively encourage additional private investment in this sector?

Mr. HUGHES. Well, just the cost and affordability of homes is the biggest hurdle that we all have to deal with. And higher interest rates right now. Of course, we expect those to fluctuate.

But just the overburdensome of—and I hate to keep going back to codes, but that is the thing that has affected us the most in the short period of time.

Mr. JACK. Helpful context.

And in your testimony, you spoke to something that means a lot to me, and that is the Congressional Review Act. You talked about specifically National Association of Home Builder's support for H.J. Res. 20, which I will talk about in a moment.

But would welcome thoughts and really open it to the panel on how Congress can better use the Congressional Review Act to make housing more affordable.

Mr. HUGHES. I am not that expert. So if you have someone else, that would be great.

Mr. JACK. Sure.

Anybody else want to take that question?

Well, I will speak to—in your testimony you outlined support for H.J. Res. 20.

And just to walk the witnesses through, we repealed a regulation that would have effectively outlawed a very specific type of tankless water heater.

Rinnai America Corporation is a company within my congressional district that is headquartered in my hometown of Peachtree City. And it about 4 years ago opened a state-of-the-art facility in Griffin, Georgia, that manufactures what is called a gas-fired instantaneous water heater, noncondensing tankless water heater, but regardless, a tankless water heater.

And the Biden administration issued a rule in late December, on December 26, the day after Christmas, that would have effectively outlawed production of this type of water heater, thus endangering about 500 jobs within my congressional district.

And I am proud to report that the House took action on this in late February. Eleven Democrats voted along with House Republicans to overturn this rule. But to me it is an effective usage of the Congressional Review Act, and I welcomed that from your testimony.

If I can ask just the panel writ large, and we will start just going down the line—since we only have 2 minutes left—but if there was one regulation that you think that Congress could address that would help your industry, we would welcome your thoughts as we go down.

Mr. MONTALBAN. Thank you, Congressman Jack.

Made it very clear today that those are the methane emission rules and regulations against the small independents. And want to tell you that the small independents of America are excited, we are happy, we are looking forward to develop the natural resources of this great country.

Mr. JACK. Thank you.

Sir?

Mr. JOHNSON. I guess 20 percent small business tax deduction is probably the most important one to me right at this moment.

Mr. JACK. Wonderful. Thank you.

Mr. Hughes?

Mr. HUGHES. I am sorry. I thought I had already commented. And the question again?

Mr. JACK. I was just saying if there is—just in closing—if there is one regulation you would love to see us work to relieve that burden for you, what would it be?

Mr. HUGHES. Well, I hate to keep going back to the burdensome codes that have hit us all at once. But to be honest, I would like to see, like Mr. Johnson, I would like to see the cost of fuel come down.

Took a picture the day Mr. Biden went into office, fuel in my area was $1.87 a gallon. That has had a huge impact to our industry, whether it is gas or diesel fuel.

Mr. JACK. Wonderful.

And, Mr. Arensmeyer?

Mr. ARENSMEYER. Well, we heard a lot about the cost of housing, so I am sure there are some regulations out there related to housing that could be looked at, absolutely. I am not an expert like Mr. Hughes on that, but I am sure there are, and I think that is a big issue.

The one thing I want to mention, Mr. Johnson mentioned the TCJA, the 199A, and also one of your colleagues mentioned it. I want to be clear, we support 199A, we support reforming it and making it where the benefit is benefiting those at the bottom.

Right now 73 percent of the benefit goes to the top 4 percent of pass-through entities. We don't want to eliminate it. We want to reform it. I want to be very clear about that.

Mr. JACK. Well, thank you all very much for testifying. I think the whole Committee appreciates your thoughtful comments today.

And I yield back to our distinguished Chairman, Mr. Williams.

Chairman WILLIAMS. Gentleman yields back.

And I would like to thank our witnesses for your testimony today and for your being with us.

Without objection, Members have 5 legislative days to submit additional materials and written questions for the witnesses to the Chair, which will be forwarded to the witnesses.

And I want to ask the witnesses to please respond promptly if that happens.

No further business, without objection, this Committee is adjourned.

[Whereupon, at 12:20 p.m., the Committee was adjourned.]

APPENDIX

Testimony of Patrick Montalban

Chairman - National Stripper Well Association

Before the House Small Business Committee's

Hearing On

"The Gold Age: Unleashing Main Street Through Deregulation"

Room 2360 Rayburn House Office Building

April 1, 2025

Chairman Williams, Ranking Member Velazques, Vice Ranking Member McGarvey and members of the House Small Business Committee, thank you for inviting me to testify at this important hearing. It is an honor to testify before you.

My name is Patrick Montalban, Chairman of the National Stripper Well Association (NSWA). The NSWA celebrated their 90-year anniversary last year in Oklahoma and continues to represent the small Independent Oil and Gas Operators in America.

A stripper well is defined as a well making 15 or less barrels of oil per day and a natural gas well making 90 MCF or less per day. These marginal oil and gas wells operated by the small Independent Operators are important for continued production in Montana and the USA. There are over 760,000 stripper wells across 32 states, which make up 80% of the wells in America. These stripper wells, operated by small businesses, produce 8-10 percent of the oil and 7-8 percent of the natural gas in the United States. The current daily total oil production in the United States is 13.6 million barrels per day. The small independent operators produce approximately 10% or 1.3 million barrels per day. Many in our Industry refer to these wells or reserves as the "Strategic Petroleum Reserve" for the stable energy production they provide the United States. These wells provide consistent daily production all over America. More importantly, these oil and gas wells create good paying jobs in rural America.

The many good paying jobs created by these stripper wells contribute to the survival of small-town America, the schools, hospitals, police force and fire departments and many other small businesses in these rural communities. It takes as many oilfield workers to produce a well making 3 barrels of oil per day well as it does one producing 300 barrels of oil per day. All producing wells in America are either a stripper producing well or will eventually become a stripper producing well during the life of that well.

Stripper well production also generates royalties that are paid by the operators to the land/mineral royalty owners. We are a vital source of income for thousands of oil and gas royalty owners, who rely on their monthly royalty checks from our producing wells. Many of our royalty owners are retirees on a fixed income and rely on these payments to supplement their income. These royalty payments are also often an important source of income to farmers and their families who regularly lease their land to oil and gas operators. On a monthly basis, we distribute between 700 to 1,000 payments to our royalty owners. A sampling of the number of royalty owners in a few key states: Texas – 4,462,500; Minnesota – 71,400; Pennsylvania - 18,500; Kansas – 221,850, and Montana - 71,500.

I am the Chairman and Chief Executive Officer of Montalban Oil and Gas Operations, Inc (MOGO, INC). We currently operate over 500 wells (320 Natural Gas and 180 Oil and Water Disposal wells) in the State of Montana. I began my career roughnecking on a drilling rig and from there decided to become a petroleum geologist in 1978. I received my degree in geology from the University of Montana in 1981 and have been working in the oil and gas industry for the last 50 years. My father started the company in Montana in the 1950's and my son, who is third generation, continues our family legacy in the oil and gas business.

We employ 17 full-time and contract employees. Many of our employees in the field and office have worked for us for over 35 years. We have been in the business for generations, and we understand that to have a good operation, you need to have knowledgeable, experienced employees. Our employee wages average $35 to $40 per hour, an exceptionally good wage in Rural Montana. In addition, we offer the following benefits: bonuses, 100% paid health insurance for employees and family, short-term and long- term disability, paid vacation and sick leave, and life insurance.

We are the largest operator on the Blackfeet Indian Reservation and provide important revenue in the way of taxes and royalties to the Blackfeet Nation. We pay royalties on tribal property at the lofty royalty rates of 19.25% to 24.5%. The normal royalty rate on a private lease is 12.5% to 15%. The primary community for the Blackfeet Nation is Browning, MT, the seat for Tribal Government. There are over 16,000 enrolled members and approximately 9,500 to 10,000 live in Browning. We regularly address the Tribal Council to report on operations and keep them informed of our oil and gas activities.

We are located in Cut Bank, Montana and we are a community-oriented company. Our employees live locally, own homes, raise families and contribute to the local economy in rural Montana. The jobs we provide create important and necessary income for the small towns and rural communities of Montana. These jobs generate critical tax revenue to the local communities and counties in the State through the state's county revenue sharing program. We also generate critical tax revenues through taxes paid to the State for production, property and income tax in the counties and state in which we operate. As a supporter of our communities, we provide scholarships to local schools and work closely with the Cut Bank and Browning, Montana school systems: donating to educational and sporting causes, community food banks, kid pack programs, CASA, and other community enrichment activities.

Regulations

As an Operator in Montana, we have wells producing on state, federal, tribal, and private lands. The following are examples of costs associated with operating in this kind of diverse setting and what we consider a politically and regulatory restrictive environment. The small independent oil and gas producer **are not** fully integrated companies like the "Majors" who produce, refine, and sell the gasoline and diesel to the public. We absorb these costs and sell our oil and gas product on site at prices determined by the purchaser.

We are a first-hand example of how the Biden Administration was aggressively trying to put the small operator out of business. In my 50 years working in the oil and gas business, I have never encountered such aggressive regulations and taxes on the industry. During the Obama Administration we were regulated extremely heavily. The small independent oil and gas producers called this approach being "regulated by 1,000 cuts."

Unfortunately, what we found during the Biden Administration was that they wanted to put the small independent oil and gas operators **out of business.** As we are in the fossil fuel industry the Biden Executive Branch used the justification of "global warming" and the implementation of the "New Green Deal" to achieve this. In fact, members of the Biden Administration did not hesitate to inform me that the goal was to put the small independent oil and gas operators out of business. The federal methane rules and regulations, if allowed to be fully implemented, are so extreme that they would have achieved their goal.

The Biden Administration had an approach to ruin us financially. They implemented a sweeping methane emissions regulatory package and a methane waste emissions charge (WEC), established under the 2022 Inflation Reduction Act. The concerning part for the small business operator is that it is still in effect today. On the regulatory package, those actions included the mandatory Greenhouse Gas Reporting Registry (often referred to as Subpart W rule). In addition, they developed the Methane Rule – known as "OOOOb and OOOOc," and proposed comprehensive inspection programs no matter how small an operator. These regulations have already created excessive costs for research and comprehension, by small independent operators, necessary to adhere to the rules. We faced these looming regulations with the EPA and the State regulatory bodies, like the Montana Department of Environmental Quality. These rules and regulations were so extreme that they would have put many small independent operators out of business.

Through the Department of Environmental Quality, in the State of Montana, there are numerous environmental protections in place to monitor the emissions of our facilities.

Small independent oil and gas operators have always been great stewards of the land in Montana and this Country. I am an avid fisherman, and hunter. I have lived in a rural community most of my life and I will always protect the environment.

The Inflation Reduction Act's Methane Emissions Reduction Program (MERP), which includes the methane WEC, was intended to impose a tax on large operators with production of over 25,000 metric tons of CO2 equivalent per year. Congress recently passed the Congressional Review Act to remove the regulations. This is more detailed in the article attached to my testimony.

This is a good start, but the fee must be repealed, or the small independent oil and gas operators must be exempt. From discussions with our Congressional colleagues, it is our understanding that this can be achieved through the budget reconciliation process.

The NSWA established a Methane Committee that includes engineers from the Colorado School of Mines. They calculated the methane emissions from abandoned and orphaned wells to be 0.06% of the total U.S. emissions. The stripper well methane emissions in the United States are 22.5 million Metric Tons of CO2 equivalent per year, which is just 10% of the U.S. cattle methane emissions of 225 million Metric Tons of CO2 equivalent per year. According to a Department of Energy study, released during the Biden Administration, "Quantification of Methane Emissions from Marginal Oil and Natural Gas Wells," 55 – 60% of all oil and gas wells produced no detectable emissions and the majority of abandoned wells have no emissions.

EPA UIC Program

We operate a number of water disposal wells on private state, federal, and tribal lands, which are regulated by the State of Montana Board of Oil and Gas and EPA. After acquiring a property on the Blackfeet Indian Reservation, the EPA required that we re-permit the Tribal 194-38 injection well. This well was permitted 40 years ago and has injected wastewater properly, within permitted limits and at low pressures, creating no ground water contamination during that time. The process of re-permitting included conducting costly testing, such as step rate and fall off pressure testing, which resulted in no change in the injection profile nor engineering changes to the permit. However, the expense of meeting the regulatory requirements was exorbitant, costing our company over $100,000.

We have another instance in which we were required to re-permit two Class II injection wells in Pondera County, Montana. A Class II injection well is permitted to dispose of any wastewater from oil and gas drilling, completion, and production operations. The Jody Fields 34-1 and 34-2 were originally permitted in August 2011. They have injected wastewater at low pressure and volumes during this time without ever contaminating the ground water. Over the past 13 years, each well has had over 200,000 barrels of wastewater injected under the original Class II permits. Along with the re-permitting, we are seeking a Class V permit, and the permitting process requirements include extensive testing and analysis, such as step rate and fall off testing along with mechanical integrity testing (MIT). The cost to date is over $415,000. We understand the need for the tests on the reservoir to prove a proper injection profile, but it is going on 3 years with this permitting process and the permits have yet to be issued.

We have a history of operating 17 injection wells on State and Federal Lands and it has never taken longer than 6 months to secure a permit and receive an aquifer exemption from Montana Board of Oil and Gas and the EPA.

We work well with the Montana Board of Oil and Gas, Department of Environmental Quality, and the Department of State Lands. We have never experienced an issue with local or State interference with the permitting process in the industry until recently. Currently there are local elected officials, in Pondera County, which is in Congressman Zinke's District, who are holding up a re-permit for two injection wells that have been permitted and actively injecting oil and gas wastewater for over 12 years. These are the wells we mentioned previously. We have never failed a mechanical integrity test or any regulatory requirement during that time. These elected officials are fighting the Class II and Class V permits for locations in Pondera County, Montana. Even though there has never been any contamination of underground drinking water or ground water in the State of Montana , these Officials are telling the public that we are going to contaminate the ground water. In addition, these officials are infringing on landowner property rights.

This not only reflects negatively on our Company but the rest of the Industry in the United States. We take pride in knowing we are diligent in protecting the ground water as a good operator in the State of Montana. There are currently 35 active injection wells in Pondera County, Montana and 1,161 Class II injections wells in the State of Montana. These elected officials never mention or oppose the other injection wells in Pondera County, Montana and this has become a political issue instead of an environmental concern. The disposal of wastewater is critical to our Industry and injection/disposal is the most environmentally sound and effective way to dispose of produced oil and gas wastewater in Montana and our Country. Without disposal wells there will be no oil production in Montana or any other State in the Country.

Bonding Rules

Another egregious regulatory step taken by the Biden Administration was the increased bonding of wells on Federal Lands. The new rules take bonding on a single well from $10,000 to $150,000 and for multiple well bonding from $25,000 to $500,000. This drastic increase in bonding has prohibited many operators from acquiring leases/wells on Federal Lands. We recently acquired two wells on a federal lease and this regulation would increase our bond from $25,000 to $500,000. Small independent oil and gas companies cannot purchase surety bonds and therefore cannot operate or purchase federal wells without posting a cash bond.

While operating on Federal Lands, we are under the authority of the Bureau of Land Management. They continue to increase unnecessary monitoring of small oil and gas operators. The continual reporting to the BLM becomes cumbersome, repetitive, and egregious when repeatedly they find no questionable operations. We have requested variances from BLM over the last three years and we never receive a response.

The "New Gold Age"

With the Trump Administration and the new appointments: EPA Administrator, Lee Zeldin, Secretary of Energy, Chris Wright and Secretary of the Interior, Doug Burgum, we are already seeing a noticeable change in the day-to-day oil and gas operations. Administrator Zeldin expressed goals to rescind all methane rules and regulations, and we are confident with this new

Administrator that they will be eliminated. It is absolutely critical that the small independent oil and gas operators be exempt from the OOOOb and OOOOc rules and regulations. If not, it will put most of these operators out of business. The new EPA Region 8 Director, Cyrus Western, from Wyoming, and Administrator Lee Zeldin, will restore the EPA to common sense standards, where permits in the U.S. are approved and issued in a timely manner, often less than 6-months, for good environmental protection and economic efficiency.

In correspondence with the Department of the Interior, Secretary Doug Burgum is considering rescinding the new bonding requirements or making them affordable for the small independent oil and gas operator. This would allow them to participate in operations on federal lands. If this is not achieved, it would eliminate a large sector of the oil and gas industry, namely the small businesses, from ever operating federal oil and gas wells in America.

Through my years of working in the oil and gas Industry in Montana and the United States, we have faced tax and regulations challenges in the past but, never have we had an Administration openly admit they were "Going to put us out of business." It is a new **"Gold Age"** with the Trump Administration including the EPA, Department of Energy and Department of Interior.

We, again, look forward to producing fossil fuels for the citizens of the great State of Montana and Country. There is a breath of fresh air whistling off the Rocky Mountain Front, over the Blackfeet Nation to the Cut Bank Oil & Gas Field in Glacier County, Montana. We, again feel welcome as a small independent oil and gas business in the Great Country of the United States of America.

Thank you for this privilege and honor to testify. I would be happy to answer any questions.

TESTIMONY BEFORE THE UNITED STATES CONGRESS
ON BEHALF OF THE

NATIONAL FEDERATION OF INDEPENDENT BUSINESS

NFIB™

Statement of Elden Johnson
Owner, Elden Johnson Transportation

United States House of Representatives
Committee on Small Business

The Golden Age: Unleashing Main Street Through Deregulation

April 1, 2025

National Federation of Independent Business
555 12th Street NW, Suite 1001
Washington, DC 20004

Chairman Williams, Ranking Member Velazquez, and members of the House Small Business Committee,

Thank you for the opportunity to testify today on behalf of the millions of small business owners across America. My name is Elden Johnson, and I am the owner of Elden Johnson Transportation in Rush City, Minnesota. I appreciate the opportunity to participate in today's hearing on the impact of regulations on small businesses.

Over the last 4 years, small businesses like mine have faced unprecedented challenges, including COVID shutdowns, supply chain disruption, historic inflation, a burdensome regulatory environment, and systemic workforce shortages. These major challenges have fueled uncertainty and reduced small businesses' optimism.

One major headwind for small businesses is the unprecedented regulatory burden accumulated over the last four years. In fact, between 2021 and 2024, small businesses experienced a regulatory tsunami that added $1.8 trillion of regulatory compliance costs and 356 million paperwork hours to the private sector.[1]

These compliance costs disproportionately impact small businesses like mine. I do not have a compliance officer or lawyer to navigate complex laws and regulations. Those responsibilities, and many others, fall on me as the business owner. It is cumbersome and exhausting. For some, it is too much to bear and the accumulated layers of red tape force businesses to close their doors forever.

Following the 2024 election, small business optimism surged, reaching the highest point since October 2018.[2] Small businesses saw the election results as a major shift to the nation's economic and regulatory policy and a more pro-business environment would provide opportunities for growth and business expansion.

Although small businesses remain optimistic, there are warning signs on the horizon. Small businesses see the expiration of key provisions of the 2017 *Tax Cuts and Jobs Act* and are concerned with the uncertainty from a massive tax hike at the end of this year.

[1] Dan Goldbeck, *Week In Regulation, The Final Week of Biden*, American Action Forum, January 21, 2025, https://www.americanactionforum.org/week-in-regulation/the-final-week-of-biden/.
[2] The Small Business Optimism Index rose 3.4 points to 105.1 in December, the highest since October 2018, NFIB, January 14, 2025, https://www.nfib.com/news-article/optimism-index-reaches-six-year-high-as-inflation-remains-top-concern/.

Specifically, the expiration of the 20% Small Business Deduction ("Section 199A"), creates the threat of a massive tax increase on 9 out of 10 small businesses in less than 9 months.

My business is a testament to the importance of the small business deduction. In fact, the savings from the deduction helped my company purchase new equipment, which has fueled business expansion. If the small business deduction goes away, I will be forced to make tough decisions that will affect not only my business investment and growth but also will have a ripple effect that will impact my workers and my community. Congress must get this done and provide small businesses tax certainty by passing H.R. 703, the *Main Street Tax Certainty Act*.

In addition to tax uncertainty, the onerous regulatory environment over the last four years has laid a wet blanket over the economy. In the below sections, I will focus on burdensome regulations that have affected my business and many small businesses across the country.

Environmental Protection Agency (EPA) Regulations

The EPA has been one of the more prolific regulators over the last four years. Specifically, the EPA has imposed onerous emissions and fuel economy standards that would create de facto electric vehicle mandates. I live in Northern Minnesota and my business often transports loads to and through rural areas. There is no infrastructure, nor do truckers have hours to wait for the electric batteries on trucks to charge. These regulations are simply unworkable and would cripple the transportation and logistics industries. The de facto electric vehicle mandate would close my business, and many other businesses nationwide.

Federal Motor Carrier Safety Administration (FMCSA) Regulations

The FCMCSA has proposed regulations to require speed limiter technology installed in commercial motor vehicles. Although such a proposal is well-intentioned, it is a one-size-fits-all approach that will make our roadways less efficient, slow commerce, and potentially make roads less safe. This mandate should be rejected.

Another well-intentioned rule requires motor carriers and drivers to maintain hours-of-service records on electronic logging devices. These electronic logs cost small businesses thousands of dollars per year and create arbitrary restrictions on professional drivers. This is another one-size-fits-all regulation that ignores reality. The federal government cannot legislate sleep. It cannot turn the human mind on or off. Under this rule, a driver who maxes out service hours but cannot fall asleep at night has the same safety profile as someone who maxes out their service hours and gets 10 hours of sleep a night. The rule also ignores the simple reality that truck drivers have families they want to return home safely too. Our safety and the safety of others on the road is our top priority, yet this regulation jeopardizes our safety.

Department of Labor (DOL) Regulations

The DOL's independent contractor rule under the Biden Administration would significantly restrict my ability to hire independent contractors. It would shatter entire industries built on long-standing work arrangements. Instead, the rule would create an arbitrary and confusing new standard. This devastating rule would close my business. Congress must defend the ability of small businesses to hire and classify workers as independent contractors.

FinCEN Beneficial Ownership Information (BOI) Requirements

The FinCEN beneficial ownership requirements would mandate 32.6 million small businesses to register with the federal government, or face penalties of up to $10,000 and 2 years in prison. On March 2nd, President Trump announced Treasury would not enforce the requirement, calling the mandate outrageous, invasive, and an economic menace.[3] Many small business owners are rightfully concerned with the privacy of their information, especially on this FinCEN database. Congress must provide small businesses long-term relief by repealing this unconstitutional and intrusive small business mandate with H.R. 425, the *Repealing Big Brother Overreach Act.* Congress and the administration must also destroy the database that holds the information of U.S. small businesses who already filed their beneficial ownership information.

Congress Must Enact Pro-Growth Regulatory Reform

In 1980, Congress and President Carter enacted the Regulatory Flexibility Act (RFA) to reduce the disproportionate impact of burdensome regulations on small businesses.

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[3] https://truthsocial.com/@realDonaldTrump/posts/114096106742782827

The RFA requires federal agencies to analyze the impact their regulatory actions will have on small entities and to consider less burdensome alternatives when the regulation will affect a substantial number of small entities.

However, in the 40-plus years since the RFA became law, agencies have found ways to disregard or bypass many of the RFA's requirements. In 2023, NFIB's Small Business Legal Center analyzed the Small Business Administration (SBA) Office of Advocacy's comment letters to federal agencies from January 2021 to January 2023 and found significant noncompliance with the RFA.[4]

The last four years have demonstrated the need for Congress to get serious about reigning overzealous government regulators and onerous regulatory burdens. One way to do so is for Congress to enact much-needed regulatory protections for small businesses, such as H.R. 1163, the *Prove It Act of 2025*.

Congress could also consider H.R. 4458 from the 110th Congress.[5] This bill, the *Small Business Regulatory Improvement Act* was introduced by Rep. Brad Ellsworth and cosponsored by Reps. Nydia Velazquez, Yvette Clarke, Henry Cuellar, Mazie Hirono, Hank Johnson, Gwen Moore, among others. Like the *Prove It Act,* H.R. 4458 would require agencies to consider the direct and indirect economic effects of regulations on small entities and increase the role of the Chief Counsel for Advocacy in the rulemaking process.

These proposals should be a starting point for Congress. Alternatively, Congress could empower the Office of Advocacy to approve every final rule as complying with the RFA before the final rule takes effect. Congress could also require agencies to not only consider less burdensome regulatory alternatives for small businesses but to promulgate the less burdensome alternatives.

The RFA is a bipartisan success story. Not only was it unanimously approved and signed into law by a Democrat-led Congress and Democrat President, but Republicans and Democrats have introduced legislation to ensure federal agencies are fulfilling the intent of the RFA. Small business owners do not care who gets the political credit, we

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[4] Rob Smith, The Regulatory Flexibility Act: Turning a Paper Tiger Into a Legitimate Constraint on One-Size-Fits-All Agency Rulemaking, National Federation of Independent Business Small Business Legal Center, May 2023, https://strgnfibcom.blob.core.windows.net/nfibcom/NFIB-RFA-White-paper.pdf.

[5] **https://www.congress.gov/bill/110th-congress/house-bill/4458/cosponsors**

just want solutions—less red tape, fewer onerous regulatory burdens, and common sense in our regulatory environment.

Conclusion

Small businesses are optimistic that the Trump Administration and Congress will deliver pro-growth economic policies. However, doing so requires Congress to roll up its sleeves and get dirty. It must reduce agency budgets to rein in overzealous regulators who have abused their authority. It must eliminate vague statutes—like the Corporate Transparency Act—that allow eager federal agencies opportunities to expand their regulatory tentacles. It must eliminate one-size-fits-all regulations that disproportionately impact small businesses but also have unintended consequences to public safety or the environment. Most importantly, Washington must provide small businesses with economic certainty that taxes will not increase at the end of 2025 and that this and future administrations will not impose massive new regulatory burdens. This certainty will give small businesses like mine the comfort to expand, hire new workers, or increase the benefits we can offer to our workers.

Thank you for the opportunity to discuss the impact of burdensome regulations on small businesses and I look forward to your questions.

Testimony of Buddy Hughes

On Behalf of the

National Association of Home Builders

Before the

House Small Business Committee

Hearing on

"The Golden Age: Unleashing Main Street Through Deregulation"

April 1, 2025

Introduction

Chairman Williams, Ranking Member Velázquez and members of the committee, I appreciate the opportunity to appear before you today on behalf of the National Association of Home Builders (NAHB) to share our views on how burdensome government regulations and mandates impact our industry's ability to increase the production of quality, affordable housing. My name is Buddy Hughes, and I am a home builder and developer based in Lexington, North Carolina, with over 45 years of experience in the industry. I serve as NAHB's 2025 Chairman of the Board of Directors.

NAHB represents more than 140,000 members who are involved in building single-family and multifamily housing, remodeling and other aspects of residential and light commercial construction. The vast majority of NAHB's builder members are small businesses who will build 10 or fewer homes per year with the median number of starts being just six.[1]

As a small business owner operating in a heavily regulated industry, I know how difficult and often costly it can be to understand and comply with the many government regulations that apply to my day-to-day work. These mandates, which are imposed by federal, state and local governments, include labor and environmental regulations, safety requirements, building codes and standards, zoning and subdivision ordinances, impact fees, and more. The time, effort, and costs associated with meeting these requirements can be significant.

In fact, an NAHB study on regulatory burdens shows that nearly 25% of the price of a typical newly-built single-family home is due to the broad set of regulatory burdens imposed by state, local and federal governments.[2] The burdens imposed on apartment construction are even higher, as an updated joint study by NAHB and the National Multifamily Housing Council conducted in June 2022 found that up to 41% of apartment development costs are due to regulations.[3] These burdens are particularly noteworthy for the residential construction industry because the profit margins are thin and consumers' sensitivity to price fluctuation is extremely acute.

Regulatory costs have a direct and negative effect on housing affordability. NAHB's "Priced Out" survey for 2025 show that 115,593 households would be priced out of the housing market if the median U.S. new home price rises by $1,000.[4] As a benchmark, 87.5 million households (roughly 75% of all U.S. households) are not able to afford a median-priced new home. Similarly, an analysis using 2018 data found that a $1,000 increase in the cost of building a new rental unit will price out almost 20,000 renters for that apartment.[5]

The nation is experiencing a housing affordability crisis. Government regulations are a significant driver of the escalating cost of constructing a home and thereby a major contributing factor to the

[1] Most NAHB Builders are Small Businesses: https://eyeonhousing.org/2024/08/most-nahb-builders-are-small-businesses/

[2] Regulation Now Accounts for $93,870 of the Average New Home Price: https://eyeonhousing.org/2021/05/regulation-now-accounts-for-93870-of-the-average-new-home-price/

[3] New Research Shows Regulations Account for 40.6 Percent of Apartment Development Costs: New Research Shows Regulations Account for 40.6 Percent of Apartment Development Costs: https://www.nahb.org/news-and-economics/press-releases/2022/06/new-research-shows-regulations-accountfor-40-point-6-percent-of-apartment-development-costs

[4] Nearly 77% of U.S. Households Cannot Afford a Median-Priced New Home: https://www.nahb.org//media/NAHB/news-and-economics/docs/housing-economics-plus/special-studies/2024/special-study-householdscannot-afford-a-median-priced-new-home-april-2024.pdf?rev=cb6f4f7d507341cb9ece97b90b6709c3.

[5] Based on the 2018 median rent of $2,189, a $1000 increase in the cost of building a new apartment unit would price out 19,617 renters.

ongoing and growing housing affordability crisis in this country. Congress and the administration must look for ways to reform the regulatory rulemaking process while also eliminating excessive or unnecessary regulations so that more Americans can achieve homeownership.

Strengthening Agency Compliance with the RFA

Reasonable regulations are essential to protecting the health and safety of workers, the environment, financial institutions, and other interests, but they must strike a balance. Federal regulations must be carefully structured to achieve their intended benefits while minimizing the burdens on citizens, particularly small businesses. Unfortunately, it is often the case that federal rulemaking agencies fail to adequately consider how regulations will affect small businesses and in so doing fail to comply with the Regulatory Flexibility Act (RFA).

NAHB commends this committee for its investigation into agency compliance with the RFA that was initiated in 2023 and completed in 2024.[6] Many of the report's findings are consistent with NAHB's advocacy efforts and echo the sentiment included in several of our regulatory comment letters regarding the failure to properly analyze a proposal's costs, impacts, or reach. The following examples provide insight into how the failure to properly and fully assess a rule's impacts and alternatives can have a significant effect on the industry and further exacerbate the ongoing housing affordability crisis.

WOTUS

The regulatory phrase "waters of the United States" (WOTUS) determines the extent of federal jurisdiction under the Clean Water Act (CWA). This regulation directly impacts builders and developers if their land development or construction activities result in either a discharge of pollutants or the placement of dredged or fill material into CWA jurisdictional waters or wetlands.

Unfortunately, the WOTUS definition has changed numerous times over the past two decades due to Supreme Court cases and executive branch interpretations, and it remains nearly impossible for landowners to know for certain if their properties contain WOTUS. Even the U.S. Environmental Protection Agency (EPA) and the U.S. Army Corps of Engineers (Corps) – the agencies responsible for overseeing the CWA permitting process – are unclear as to the scope of their jurisdiction. If federal jurisdiction is found, builders and developers are subjected to an onerous and uncertain permitting process that can take years and cost hundreds of thousands of dollars.

Although the Corps typically processes over 60,000 Nationwide Permit applications per year, as the committee's RFA compliance report noted, EPA certified that the January 2023 proposed WOTUS rule would <u>not</u> have a significant impact on a substantial number of small entities, allowing the agency to skip the full RFA analysis. This finding defies all common sense.

[6] House Small Business Committee Report on Federal Agency Compliance with RFA: https://smallbusiness.house.gov/UploadedFiles/05.22.2024_-_House_Committee_on_Small_Business_RFA_Report.pdf

Davis-Bacon and Related Acts

The Davis-Bacon Act establishes wage rates for a given area for nearly all construction projects that receive public funds, among other requirements. In the home building industry, the Davis-Bacon and Related Acts (DBRA) primarily affect multifamily builders who participate in certain U.S. Department of Housing and Urban Development (HUD) and Federal Housing Administration (FHA) multifamily mortgage insurance programs.

In 2023, the Department of Labor (DOL) issued a rulemaking that revised the prevailing wage determination process, expanded coverage for DBRA requirements and included needless paperwork requirements for contractors. Although DOL has estimated that 67% of Davis-Bacon contracts go to small businesses, the agency nonetheless determined that the rule would not significantly impact small businesses. Absent a full review or consideration of what impacts might accrue, the rule was finalized and now requires the payment of wages that are unrepresentative of the actual wages paid in a given market – increasing the costs of the project. Further, because the rule maintains the split wage determination policy and other recordkeeping requirements, the rule is complicated and overly burdensome.

Independent Contractor and Joint Employer Status

The residential construction industry relies on subcontractors to complete much of the on-site work. As a result, these specialty trade independent contractors are an essential part of the industry and its ability to meet housing demand and keep costs low. Unclear definitions on how to classify independent contractors and joint employers, however, have translated into regulatory burdens for businesses and higher costs for home buyers, while also jeopardizing home builders' operations.

In January 2024, the DOL issued a final rule to change the way it determines independent contractor status under the Fair Labor Standards Act (FLSA). This policy introduces more subjectivity on the part of the investigating entity to determine worker status, adds undue confusion for employers trying to comply with the more complicated system and threatens to impact many industries that rely on the subcontractor business model. Although DOL purportedly considered the impacts on small businesses prior to finalizing this rule, it failed to fully consider the disproportional impact on small businesses – particularly those in the residential construction industry and the myriad of challenges the new classification creates for both employers and independent contractors.

Similarly, recent policies from the National Labor Relations Board (NLRB) determining joint employment status could have the same costly impact on builders who hire various self-employed specialty tradespeople for providing several services throughout the lifetime of a project. As this committee's report recognized, "Moving the current clear and predictable joint employer standards prevents employers from predicting the risks and costs of their contracts with providers, vendors, subcontractors, and franchisees. Beyond predictability, the rule expands liability to alleged joint employers which will almost certainly increase costs." Although NAHB agrees with this finding, NLRB did not.

Restrictive policies, such as the NLRB's 2023 rulemaking, further complicate the regulatory landscape that employers must navigate due to its vague requirements and consideration of indirect control over a worker as evidence of joint employment. Although the NLRB rule was struck down nationwide in March 2024, any future policies must recognize the ubiquity of the contractor-subcontractor relationship in residential construction, as well as the overall impact on small businesses.

Fixing the Rulemaking Process

Prove It Act

The committee's RFA compliance investigation highlighted how many of the federal rulemaking agencies have repeatedly failed to comply with the existing statute. It also pointed to potential paths to strengthen the now 45-year-old law. Legislation, such as the Prove It Act, would go a long way to increasing small business input into the regulatory rulemaking process and holding rulemaking agencies accountable for considering the impact of proposed regulations on small businesses.

NAHB is proud to support the Prove It Act and looks forward to continuing to work with this committee and Congress to see that the bill is signed into law.

Restoring Congressional Oversight to the Rulemaking Process

REINS Act and Increased Oversight

The federal rulemaking process is governed by several laws and executive orders that agencies must follow when developing, proposing and finalizing a new rule or amending or repealing an existing rule. These laws and orders set out the procedural and information requirements, such as clearly stating why the rule is being proposed, conducting public outreach, and sharing the data, information, and analyses that were relied on to develop the rule.

Over the past few decades, executive orders (EOs) have become an increasingly powerful tool, as they have been used to alter the rulemaking process to better reflect the policy priorities of each administration. Several recent EOs have addressed important procedural underpinnings of the processes to better account for costs and benefits, require review of guidance documents, and avoid biased outcomes.

Although agencies cannot issue regulations unless a statute gives them the authority to do so, since 1984, they have been given broad latitude to interpret the statutes as they see fit if the interpretation is viewed as 'reasonable.' As this committee discovered in its RFA study, despite these rulemaking procedures and guardrails, agencies have regularly misused their discretion to skirt portions of the rulemaking process, avoid conducting full cost-benefit analyses, expand regulations beyond their authority and/or continuously revise rules despite arguments to the contrary. The resulting overregulation and abuse of discretionary authority has resulted in confusion, additional permitting requirements, project delays and increased construction costs.

Importantly, the U.S. Supreme Court invalidated the deference historically given the agencies in June 2024 in *Loper Bright Enterprises v. Raimondo.*[7] Further, as part of both his regulatory reform

[7] 144 S.Ct. 2244 (2024).

and deregulatory agendas, President Trump directed the agencies to ensure their regulations are grounded in clearly applicable law. Small businesses are already overburdened and disproportionately affected by regulation. NAHB soundly supports legislative efforts, such as the REINS Act, as an important step toward fixing the broken regulatory rulemaking process. Likewise, although inferred in several of the EOs, agencies should be directed to review the basis of the rules that they have developed based on the 'reasonable' interpretation of statutes to determine if those are the best interpretation of statutes.

Increased Use of the Congressional Review Act

The optimism shared among NAHB's membership for a better regulatory environment extends beyond the potential for an improved rulemaking process and better agency compliance with existing laws. NAHB is encouraged that Congress is utilizing its authority under the Congressional Review Act (CRA) to do away with certain misguided rules and is hopeful that President Trump's deregulatory agenda results in measurable change.

Although the CRA has been used sparingly in the past, it is an important option for Congress when exercising its oversight of federal agencies and federal rules. In the final days of the Biden administration, the U.S. Department of Energy (DOE) released a final rule that effectively bans an entire segment of instantaneous natural gas water heaters from the market. The new DOE standards will have a significant negative effect on homeowners and home builders, raising costs and creating unnecessary challenges.

Equally problematic, the shift to more expensive condensing gas water heaters presents a substantial hurdle for remodeling and replacement projects, especially in older homes. Installing these cumbersome units often requires retrofitting existing spaces to accommodate the new technology, which can be both costly and complex. Non-condensing units, which are more affordable and practical for many households, will become harder to find, making home maintenance even more expensive for homeowners—especially those in older homes or with limited financial resources.

Furthermore, NAHB is concerned that this rule is part of a broader agenda to phase out natural gas appliances, ultimately limiting consumer choice and driving up utility costs. As the primary energy source for millions of American homes, natural gas plays a critical role in ensuring affordable and reliable energy. This rule's impact on the water heater market could set a dangerous precedent for further restrictions on natural gas appliances, ultimately making it harder for homeowners to maintain affordable living standards.

NAHB supported House passage of H.J.Res 20, the Congressional Review Act resolution to overturn this rule. We appreciate the strong support for overturning the rule and hope the Senate will follow the House's lead.

Outstanding Deregulatory Matters

Through the various EOs that have been issued, the agencies have been given specific directives to reform and scale back their regulatory reach. These mandates will require the agencies to take a number of proactive steps, including performing regulatory look backs; identifying 10 regulations to rescind for each new one proposed; and ensuring that the total incremental cost of all new regulations, including repealed regulations, is significantly less than zero; among others.

To be most effective, NAHB urges Congress, thorough this committee and others, to exercise firm oversight to ensure that the agencies properly carry out these various directives. Amid the current housing affordability crisis, we are particularly interested in any immediate actions that can be taken to lower the cost of housing and expand housing supply, as directed by the executive order entitled, "Delivering Emergency Price Relief for American Families and Defeating the Cost-of-Living Crisis." Addressing the specific regulations raised within this testimony would be an important first step toward doing so.

While the Trump administration has taken meaningful action to reduce regulatory burdens, NAHB urges Congress and the administration to focus on several proposed regulations that remain under active consideration.

HUD/USDA Energy Code Requirements

In April 2024, HUD and the U.S. Department of Agriculture (USDA) issued a Final Determination that will require new single-family homes financed by these agencies to comply with the 2021 International Energy Conservation Code (IECC) beginning in May 2026. HUD-financed multifamily housing must comply with the 2021 IECC or ASHRAE 90.1-2019, effective November 2025. The Veterans Affairs (VA) Home Loan Program is also required to align with HUD/USDA, although it has not yet taken steps to do so.

Requiring the 2021 IECC and ASHRAE 90.1-2019 codes on virtually all new construction supported by HUD and USDA undoubtedly will have adverse consequences on the affordability and availability of newly constructed single- and multifamily housing. Further, this policy conflicts with energy codes in 42 states, which will lead to construction delays and implementation challenges, including uncertainty about compliance, a lack of qualified inspectors, inconsistent appraisals and confusion about mortgage products. This mandate is unnecessary, raises housing costs, limits access to mortgage financing and hurts vulnerable home buyers and renters.

We urge Congress to support legislation that would prevent HUD and USDA from adopting a minimum energy standard that harms housing affordability and the ability of HUD and USDA borrowers to purchase a new construction house. Additionally, we support legislation that would prohibit HUD and USDA from adopting a minimum energy standard that raises the cost of housing during a time when the nation is experiencing a housing affordability crisis. Finally, we support legislation that would prevent the adoption of a minimum energy standard that the majority of states have not determined to be appropriate for their respective needs.

Heat Injury and Illness Prevention Standard

In August 2024, the Occupational Safety and Health Administration (OSHA) published a proposed rule to establish a federal standard for preventing heat-related injuries and illnesses for indoor and outdoor work settings. Notably, the standard would enforce certain year-round requirements regarding heat-specific safety plans and recordkeeping obligations, as well as two levels of requirements for jobsites that reach a certain heat index or temperature threshold. If finalized, the same requirements would apply to all employers conducting outdoor and indoor work in all general industry, construction, maritime and agriculture sectors, with some limited exceptions.

OSHA estimates the standard would impact roughly 36 million workers, or one-third of the total full-time workers in the U.S. For the construction industry, the agency expects 725,200 total entities to be affected by the standard. Annualized costs for the industry are expected to be $3.1 billion ($1.8 billion in cost savings), with nearly $2 billion in costs alone from the Southern region of the U.S. Many elements in the proposed rule will likely have a disproportionate impact on small businesses – especially in residential construction. Where many small home builders and specialty trade contractors do not have the capacity to implement these overly prescriptive requirements without taking on additional burden, denying small employers the much-needed flexibility to tailor their safety practices in ways that meet the needs of their employees would result in costly delays to deliver much-needed housing supply.

We urge OSHA to abandon the current federal rulemaking on this. Failing that, OSHA should ensure any such rule creates industry-specific standards that promote flexibility; recognizes the uniqueness, challenges and best practices of the different regulated industries; creates a standard for construction that promotes the main tenets of "water, rest, shade;" establishes reasonable care for employees without overly prescriptive requirements and undue administrative and compliance burdens; and expands the exemptions to include construction operations as part of disaster recovery efforts in areas under disaster or emergency declarations.

HUD's Federal Flood Risk Management Standard (FRMS)

Under the FFRMS, all federal agencies are required to anticipate and predict the expected increased flooding risks due to climate change and improve the resilience of projects receiving federal funding. This is to be done by expanding the federal floodplain management requirements beyond the current 100-year base flood level to a larger vertical and horizontal area that better anticipates future flooding risks.

On April 22, 2024, HUD published its final rule to implement the FFRMS. For single-family new construction where building permit applications are submitted on or after Jan. 1, 2025, HUD will require all new single-family homes located within the 100-year floodplain to be elevated 2 feet above the base flood elevation to qualify for FHA mortgage insurance. For FHA-insured or HUD-assisted multifamily properties, the new FFRMS requires a complicated, three-tiered process for determining the extent of the FFRMS floodplain, with a preference for a climate-informed science approach. The rule then requires more stringent elevation and flood proofing requirements if federal funds are used to develop or provide financing for new construction within the newly defined FFRMS floodplain. The rule also applies to substantial improvement for structures financed through HUD grants, subsidy programs and applicable multifamily programs.

HUD's final rule unnecessarily expands floodplain management requirements and fundamentally threatens access to FHA mortgage insurance programs for single-family home buyers and multifamily builders. By establishing a higher flood risk standard, the proposed rule generates inconsistencies with the National Flood Insurance Program (NFIP) and creates unwarranted and expansive flood mitigation requirements beyond those established by the Federal Emergency Management Agency, the agency with the expertise, funding and statutory directive to oversee activities within the floodplain and administer the federal flood insurance and floodplain mapping programs.

For these reasons, we urge HUD to repeal its rule, “Floodplain Management and Protection of Wetlands; Minimum Property Standards for Flood Hazard Exposure; Building to the Federal Flood Risk Management Standard,” which was published in the Federal Register on April 23, 2024.

Additionally, we recognize and sincerely appreciate HUD’s temporary partial waiver announcement on February 21, 2025, for single-family new construction in Special Flood Hazard Areas. While we understand the waiver means the new elevation standard requiring the lowest floor of new construction be elevated two feet above base flood elevation has been delayed until February 21, 2026, we urge HUD to repeal this two-foot elevation requirement as well as the rule permanently.

Improving Housing Affordability by Unleashing Main Street

Safe, decent, and affordable housing provides fundamental benefits that are essential to the well-being of families, communities, and the nation. For these reasons, housing affordability is NAHB’s top advocacy issue. In a clear sign illustrating the severity of housing affordability challenges facing Americans, the latest NAHB/Wells Fargo Cost of Housing Index (CHI) found that in the fourth quarter of 2024, a family earning the nation’s median income of $97,800 needed 38% of its income to cover the mortgage payment on a median-priced new home. Low-income families, defined as those earning only 50% of median income, would have to spend 76% of their earnings to pay for the same new home.[8]

Clearly, owning or renting a suitable home is increasingly out of financial reach for many households. A 2024 report by Harvard’s Joint Center for Housing Studies found that a record-high 22.4 million households are paying more than 30% of their income on rent and that among those renters, more than 12 million are paying more than half their income on housing, also an all-time high.[9]

As a nation, we can and must do better. All home buyers and renters in America should have a choice in securing safe, decent and affordable housing where they want to live. America’s workforce families, including members of the armed forces, teachers and first responders, should be able to afford to live in homes or apartments in the communities they serve. NAHB strongly believes that increasing the inventory of new single-family and multifamily housing is key to improving housing affordability. While there are many factors making it more difficult for builders to increase housing supply, excessive government regulations represent a major driving force frustrating the efforts of home builders and multifamily developers to build more housing and address the housing affordability crisis.

Residential construction is one of the most heavily regulated industries in the country. The prospect of an improved regulatory climate where federal agencies are limited to regulations that follow the letter and spirit of the law and are tailored to meet the needs of small businesses can lead to more informed, less burdensome rules and unleash home builders to increase supply and address the nation’s housing affordability crisis. In these challenging economic times, the significant undersupply in housing coupled with rapidly increasing home prices clearly indicate the

[8] NAHB/Wells Fargo Cost of Housing Index (CHI) Q4 2024: https://www.nahb.org/news-and-economics/press-releases/2025/02/families-must-spend-38-percent-of-their-income-on-mortgage-payments
[9] The Joint Center for Housing Studies - The State of the Nation's Housing 2024: https://www.jchs.harvard.edu/state-nations-housing-2024

need to reduce the regulatory burden on the housing industry. NAHB is encouraged that efforts are underway to do just that.

NAHB applauds the work of this committee in highlighting agencies' lack of compliance with the RFA and ways to improve our regulatory process. We thank the committee for convening this important hearing. NAHB stands ready to work with you and members of the committee to reform our broken regulatory rulemaking process, unburden and empower small businesses and make housing attainable for all Americans.

CELEBRATING 20 YEARS
SMALL BUSINESS MAJORITY

WRITTEN TESTIMONY BEFORE THE U.S. HOUSE COMMITTEE ON SMALL BUSINESS

"The Golden Age: Unleashing Main Street Through Deregulation"

April 1, 2025

John Arensmeyer, Founder & CEO
Small Business Majority

Chairman Williams, Ranking Member Velazquez, and members of the House Committee on Small Business:

Thank you for inviting me to speak on the importance of fostering a level playing field for our nation's 34 million small businesses through well-crafted and responsible regulations that foster competition and innovation within our economy while also addressing the issues that are keeping small business owners awake right now.

I am the founder and CEO of Small Business Majority, a national small business organization that empowers America's entrepreneurs to build a thriving and equitable economy. Prior to launching Small Business Majority nearly 20 years ago, I was the founder and CEO of an award-winning interactive communications company, which I ran for 12 years.

At Small Business Majority, we engage our network of more than 85,000 small businesses and 1,500 business and community organizations to advocate for public policy solutions and deliver resources to entrepreneurs that promote dynamic small business growth.

We have seen an unprecedented growth in small business formation over the past four years – 21 million new businesses. We should be doing everything we can to support these new entrepreneurs' growth and facilitate their success. That requires us to focus on the issues that are impacting them the most.

Right now, small businesses are far more concerned with the devastating impact of the Trump administration's slash-and-burn economic policies than they are about federal regulations. These include drastic cuts to programs supporting small businesses, onerous tariffs and mass deportations of immigrant entrepreneurs and small business employees.

A sensible regulatory environment

When asked about a series of key issues that impact small business success, small business owners consistently rank regulations near the bottom of the list of challenges they're concerned about when examining factors affecting their ability to grow their business. More prevalent concerns for small businesses today include barriers to access to capital, threats or the onslaught of tariffs, reduced access to healthcare, and difficulties finding affordable childcare. When asked if "adhering to industry or government regulations" was a challenge, 56% experienced minor or few challenges while an additional 20% said that current regulations were not a challenge at all.[1]

[1] "Voice of Main Street: Entrepreneurs worry about impact of tariffs, other disruptive acts, prefer small business friendly policies" Small Business Majority. February 5, 2025. https://smallbusinessmajority.org/our-research/voice-of-main-street/small-businesses-concerned-about-impact-tariffs-prefer-small-business-friendly-policies

That said, it is well known in Washington that the current administration and a majority in Congress are training their focus on the perceived scourge of federal regulations. While it is certainly true that regulations can be burdensome, it is essential that we have a process to assess their costs and benefits. A one-size-fits-all indiscriminate deregulatory policy will add to the confusion, compliance costs, and information deficit that Main Street businesses face today. The debate over regulations should not be ideological; rather it must be based on a pragmatic cost/benefit analysis.

Regulations are a necessary fact of life for small businesses. From food safety to responsible workplace practices to mitigating environmental harm to preventing financial scams, there is a legitimate need for government to ensure a healthy competitive business landscape undergirded by a level playing field. Small business owners across the country look to their representatives in government to help provide certainty, predictability, and stability in the business environment in which they operate. Regulations provide rules of the road by which all businesses adhere. We do not contest the fact that small business owners must take the time to understand the impact of and to comply with federal regulations. We are here to argue that the government must carefully access the relative cost and benefits of each regulation and make their implementation as simple and predictable as possible while offering support.

To ensure small businesses can compete on a level playing field in their respective industry, well-crafted regulations play a critical role in providing consistent guardrails against anti-competitive behavior that disproportionately impacts the smallest businesses. We must view the regulatory environment on a case-by-case basis, directly re-evaluating specific regulations rather than taking a sweeping approach to deregulation, which can hinder competition and make it that much harder for small businesses to get ahead.

In national polling conducted by Small Business Majority, small business owners repeatedly point to the importance of regulations in both fostering competition in the modern economy and holding larger corporations accountable. In fact, 86% of small business owners agree that some regulation of business is necessary in a modern economy, and 93% of them agree their business can live with regulations if they are fair, manageable, and reasonable.[2] Business owners indicate that regulations are particularly important in holding health insurance companies accountable, ensuring food safety standards are met, and for the disclosure and regulation of toxic materials.[3]

Most importantly, many current or would-be small businesses stand to benefit from regulations that increase access to capital, resources, and eligible workers. Some examples:

- Regulations support small businesses by ensuring health and safety standards across an entire industry, ensuring a level playing field and favorable reputations in communities. When small businesses are in compliance with regulations, they save time and money on potential lawsuits that could be avoided absent the presence of federal regulatory standards.[4] Furthermore, regulations such as those of the U.S. Patent and Trademark Office play a critical role in supporting and protecting small business innovation, and creating commonly followed market guardrails.[5]

[2] "Small Business Owners' Opinions on Regulations and Job Creation." Small Business Majority. February 2012. https://smallbusinessmajority.org/our-research/government-accountability/small-business-owners-opinions-regulations-and-job-creation

[3] Ibid.

[4] "The Impact of Government Regulations on Small Business Enterprises." Executive Gov. June 22, 2022. https://executivegov.com/articles/the-impact-of-government-regulations-on-small-business-enterprises/

[5] "Government Regulations: Do They Help Businesses?" Investopedia. April 10, 2024. https://www.investopedia.com/articles/economics/11/government-regulations.asp

- Small businesses would have strongly benefitted from reporting requirements under Section 1071 of the Dodd-Frank Act requiring lenders to disclose demographic data for small business loan products, showing what we have known to be true for decades – small businesses are not given equal opportunity based on merit to apply for new loans and are oftentimes subject to discrimination (especially true for business owners in rural areas or those who are BIPOC or women-owned). Legislative efforts to repeal Section 1071 (though the 1071 Repeal to Protect Small Business Lending Act (H.R. 976) would blatantly ignore the shortcomings of our small business lending industry and further restrict access to capital for the millions of individuals looking to pursue the American dream of entrepreneurship.[6]

- Small business-focused lenders and community bankers rely on the Community Reinvestment Act (CRA) requirements that reward larger financial institutions for supporting smaller, less capitalized community banks with grants, loans, and underwriting tools needed to take on riskier investments in rural and other under resourced communities.[7]

Small businesses are far more concerned with the devastating impact of the Trump administration's recent slash-and burn economic policies than they are about regulations

While many here today may argue that our current regulatory structure is the boogeyman threatening small business growth, in fact, regulations are far from the top concern of small businesses. Indeed, over the last few months of interaction with countless entrepreneurs, we have heard nothing about federal regulations. Rather, what we have heard is fear and horror about the recent arbitrary, chaotic and unpredictable actions taken by the Trump administration that threaten to destabilize the economy. These actions include (1) onerous tariffs, (2) terminating and weakening vital federal programs supporting entrepreneurs, (3) slashing the Small Business Administration (SBA) workforce by 43% while piling on 1.6 trillion dollars of unrelated student loan responsibilities, (4) indiscriminately canceling federal contracts, (5) illegally firing Federal Trade Commission (FTC) commissioners, (6) shuttering the Consumer Finance Protection Bureau (CFPB), which has been protecting the small business from financial abuse, and (7) mass deportations that put undue additional pressure on small business' existing workforce challenges.

Tariffs

The unpredictable rollout of tariffs against our closest trading partners, Canada, Mexico, and China, has sent shockwaves through the small business community. The ever-looming threat of 25% tariffs on Canadian and Mexican imports, along with the active 20% tariff on Chinese imports, will undoubtedly leave many small businesses with little to no choice but to pass along those price increases to consumers. In fact, recent Small Business Majority national polling found that more than half (53%) of small businesses are concerned about the impact of tariffs on their business and 77% are concerned about the impact on the larger economy.[8]

Small business owners like Nikki Bravo, owner of Momentum Coffee in Chicago, continue to raise concerns about how these tariffs will not only impact their business, but the communities they serve.

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[6] "Small Business Majority cautions Congress against repealing Section 1071." Small Business Majority. February 5, 2025. https://smallbusinessmajority.org/policy/small-business-majority-cautions-congress-against-repealing-section-1071

[7] "Small Business Majority's response to the proposed joint rule on the Community Reinvestment Act." Small Business Majority. July 27, 2022. https://smallbusinessmajority.org/policy/small-business-majoritys-response-proposed-joint-rule-community-reinvestment-act

[8] "Voice of Main Street: Entrepreneurs worry about impact of tariffs, other disruptive acts, prefer small business friendly policies." Small Business Majority. February 5, 2025. https://smallbusinessmajority.org/our-research/voice-of-main-street/small-businesses-concerned-about-impact-tariffs-prefer-small-business-friendly-policies

Nikki recently told us: "We have a real concern since we're a coffee shop, there's only so much we can pass on to our customers without affecting the neighborhoods we seek to serve and our mission to make quality coffee accessible." Margo Clayson, owner of The Mighty Microgreen in Inkom, Idaho, put it this way: "If I have to raise prices in response to my increasing costs, I know families will then have to make tough choices. No matter how great my product is, it's likely to end up on the back burner in family budgets." Mike Roach, owner of Paloma Clothing in Portland, Ore., is worried that these tariffs could result in the worst possible outcome for thousands of small businesses: "The damage to our sales and to our long-time vendors would dramatically impact our business' ability to function long before those lines could pivot to other countries or the U.S. There are thousands of locally owned clothing stores in the country that are still trying to recover from the covid collapse of our industry. These tariffs could be the nail in the coffin for many of us."

While many argue that these tariffs are simply being used as a negotiating tool with our trade partners, the present threat of tariffs alone has not only hindered small businesses' ability to plan for the fiscal year ahead but sent our economy spiraling, leading to drastic drops in consumer confidence and record levels of business uncertainty.[9] In fact, the historically conservative National Federation of Independent Business's (NFIB) Uncertainty Index rose to its second-highest reading on record in February.[10] Additionally, the percentage of small businesses that raised prices in February increased by 10 points, while the percentage of businesses that believe now is a good time to expand fell five points from January.[11] These rash economic decisions have put small businesses in an impossible position, as they are faced with imminent cost increases from tariffs while consumers pull back on spending on Main Street amid economic turmoil and plummeting stocks.

Stripping the SBA workforce while adding burdens to the agency

Efforts to strip away resources and support for small businesses, which includes SBA's recent decision to both cut its workforce by a staggering 43% and relocate six regional offices away from entrepreneurial centers, are not indicative of an "America first" agenda that puts our job creators first but rather creates an environment that is increasingly uncertain and hostile for small businesses. Notably, small business owners that utilize key programs at the SBA including the Small Business Development Center (SBDC) program, Women's Business Center (WBC) program, and the 8(a) Business Development Program are fearful of their ability to continue accessing these resources that they have long depended upon. Moving offices from urban centers where the need is greatest based upon completely unrelated policy considerations is entirely counterproductive.

Equally concerning as the recent announcement to restructure the SBA is the move to transfer $1.6 trillion in outstanding student loan debt to the SBA. Providing the SBA with non-jurisdictional authority to oversee student loan balances will take away from its mission of serving and advancing the growth of American small businesses. The move is asking SBA to do far more with far less, as the agency would now be responsible for balancing the collection and oversight of student loans in addition to small business lending. The move comes at an ironic time in which SBA's loan programs face additional scrutiny – just last month, this Committee passed legislation to increase scrutiny of SBA 7(a) loan agents – H.R. 1804, the Small Business 7(a) Loan Agent Oversight Act. This action stands in direct contradiction to the underlying assumption that the SBA can or should take on more responsibility by taking over outstanding student loan debt which currently sits at a staggering $1.7

[9] "Consumer sentiment slumps in March to lowest since 2022 as Trump tariffs spark more inflation worries." CNBC. March 14, 2025. https://www.cnbc.com/2025/03/14/university-of-michigan-consumer-sentiment-survey-drops-in-march-to-57point9-worse-than-expected.html

[10] "Small Business Optimism Index." National Federation of Independent Businesses. February 2025. https://www.nfib.com/news/monthly_report/sbet/

[11] Ibid.

trillion.[12] Asking the SBA to collect and oversee this debt is a slight to small businesses that desperately need to get in touch with SBA representatives regarding their outstanding business debt or credit needs.

Eliminating or reducing access to vital small business support programs

The Trump administration's unprecedented actions to incapacitate the federal government, along with the recent executive order dismantling the Community Development Financial Institution (CDFI) Fund and the Minority Business Development Agency (MBDA), have ripped the rug out from small businesses and the thousands of CDFIs and technical assistance providers that support millions of small firms. This damage has been exacerbated by the decree to slash critical Treasury Department staff responsible for managing critical economic programs including the State Small Business Credit Initiative (SSBCI) that supports CDFIs and other mission driven capital providers. Collectively, CDFIs manage a total of $304 billion that not only benefits more than 4 million small businesses, but millions of families through financing for affordable housing and community facilities like childcare and healthcare centers. CDFIs also make up more than 30% of participating SSBCI lenders, accounting for 63% of all credit transactions under the SSBCI program, which has supported over 2,000 small businesses through $401 million in new financing.[13] With SSBCI's 10:1 private public leverage ratio this amounts to more than $4 billion in small business financing.

Eliminating the MBDA will further undercut small business growth across the nation. Recent polling conducted by Small Business Majority found that small businesses are strongly supportive of government programs that provide services to targeted demographic groups such as people of color and women: 79% believe these programs should continue. Of the small business owners who qualify for these targeted government programs, almost one in four have benefited from a program through MBDA.[14]

Marcus Yancey, the Co-Founder & Creative Director of Innovative Economic Solutions in Chicago and the former Deputy Director of the Illinois Department of Commerce and Economic Opportunity's Office of Minority Economic Empowerment, is concerned that these actions will uproot years of progress for small businesses and community development:

"Recent federal funding cuts—especially to the CDFI Fund and the MBDA—have severely disrupted both my business and my clients' businesses. These cuts are not just temporary setbacks—they are deliberate efforts to dismantle the support systems that minority-owned businesses rely on. Without immediate intervention, years of progress in economic development for underserved communities could be undone. As a result of the MBDA and SBA closures in our city, a lot of businesses but especially minority-owned businesses are now in a holding pattern, trying to figure out what's next. They were in growth stages, and now they don't have the resources to keep moving forward. We have to figure out how to continue to provide resources that were provided through the MBDA and the CDFI Fund before this executive order, but our efforts alone won't be enough to replace these lost federal resources."

What's more, the proposed $230 billion cuts to U.S. Department of Agriculture (USDA) programs within the House-passed budget resolution would devastate millions of rural small businesses and farmers who depend on USDA loans and grants, such as the Business and Industry (B&I) Loan

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[12] "Student Loan Debt Statistics." Education Data Initiative. March 16, 2025. https://educationdata.org/student-loan-debt-statistics
[13] "SSBCI Annual Report 2022-2023." U.S. Department of the Treasury. November 13, 2024. https://home.treasury.gov/system/files/136/SSBCI-AnnualReport-2022-2023.pdf
[14] Small businesses benefit from targeted grant and loan programs, support their continued existence. Small Business Majority, October 2024. https://smallbusinessmajority.org/our-research/entrepreneurship-independent-economy/small-businesses-benefit-targeted-grant-and-loan-programs-support-their-continued-existence

Program, the Intermediary Relending Program (IRP) and the Rural Microentrepreneur Assistance Program (RMAP), to sustain and expand their operations. For example, between 2017 and 2023, $23.1 million in RMAP loan funding was leveraged to support over 400 small businesses and farmers with microloans and created/saved over 1,100 jobs in rural communities nationwide.[15] Cutting funding for these programs would not only create uncertainty for rural job creators and our food supply but would decimate rural communities that rely on federal funding to attract investment and economic opportunity.

Indiscriminate canceling of government contracts

Small business owners are already feeling the pain from withheld, or significantly reduced, access to federal funding, particularly those that receive federal contracts, unsure of how they are going to keep their doors open. Shaunna Mozingo, owner of the Mozingo Code Group LLC in Denver, recently shared that over three-fourths of her business is now on hold due to a lack of access to federal funds owed to her business:

"About three-fourths of my business is either federal contracts or federally funded state contracts, all of which are on hold. I have no idea when they will be released because my clients also have a communication freeze that keeps them from being allowed to talk to us about it. I only had about 20 billable hours for February because all of my contracts were paused, so I had to hurry and try to find new contracts for future months. March looks pretty bleak. At almost 60 years of age, it will likely make more sense for me to just go back to work for someone else than to keep trying to navigate this uncertainty.

Mass deportations

Finally, as small businesses continue to grapple with the economic fallout from President Trump's self-inflicted trade war and indiscriminate attacks on government, they are also reeling from the impact of mass deportations of immigrants, many of whom are here legally. Our economy, particularly the construction, agriculture, hospitality and other service industries, has long relied on the immigrant workforce to fill gaps in our labor pool, allowing businesses, both large and small, to continue to thrive. Indeed, economists and policymakers across the ideological spectrum agree that the key to America's economic success has been and will be an ever-expanding workforce comprised of immigrants.[16] However, the Trump administration's sweeping mass deportation strategy has left small businesses fearful of how they can address labor shortages moving forward. Small Business Majority research found that more than one-third (37%) of entrepreneurs are concerned about mass deportation policies negatively affecting their business or their suppliers' businesses, while 69% are concerned about the negative impact on the U.S. economy as a whole.[17]

Instead of jeopardizing the small business workforce, and indeed our economy, with indiscriminate mass deportation, we need a comprehensive solution that gets control of our borders, deports criminals and establishes a rational system of legal immigration.

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[15] "2025 USDA Explanatory Notes – Rural Business Cooperative Service." U.S. Department of Agriculture. https://www.usda.gov/sites/default/files/documents/32-RBCS-2025-ExNotes.pdf

[16] "Salazar challenges Trump's mass deportation plan." Punchbowl News. March 4, 2025. https://punchbowl.news/article/border/immigration/salazar-immigration/

[17] "Voice of Main Street: Entrepreneurs worry about impact of tariffs, other disruptive acts, prefer small business friendly policies." Small Business Majority. February 5, 2025. https://smallbusinessmajority.org/our-research/voice-of-main-street/small-businesses-concerned-about-impact-tariffs-prefer-small-business-friendly-policies

Small businesses value fair and reasonable regulations that help them compete with larger companies and establish clear, easy-to-follow rules of the road

So, what about regulations? We support efforts to ensure small business owners are more involved in the promulgation and implementation of new regulations, but pursuing policies with the intent to indiscriminately dismantle existing regulatory structures could create even more confusion and compliance burdens for Main Street. For example, the Trump administration's effort to slash 10 regulations for every new regulation created under EO 14192 reflects a performative and indiscriminate slash and burn approach to governing that has no relationship to business realities. It would create an insanely unpredictable regulatory environment for small business owners who may have already invested time, money, and staff resources to comply with existing regulations.

A significant majority of American small businesses feel that they are at a competitive disadvantage compared to their larger counterparts. Our national polling found that small businesses are some of the most exciting innovators right now, but larger companies have the resources to take these businesses' creative ideas, mass produce them and drown small businesses out with their market power.[18] As such, we strongly oppose legislation like H.R.1163, the Prove It Act of 2025, which would further the divide between small businesses and their larger competitors and would significantly slow down federal agencies' ability to serve the populations that depend on them the most. Many small businesses do not have the same resources, personnel and capital needed to constantly contest the regulatory state and are less likely than their corporate counterparts to contest these regulations on their own as the Act intends. The Prove It Act would give powerful associations based in Washington, D.C., the ability to significantly influence and slow down the regulatory process. It states that an organization claiming to represent small businesses may petition the government to require a thorough and lengthy process of examining any foreseen regulatory cost on small businesses. However, many of Washington's most powerful interest groups and chambers do not always advocate in the best interest of America's small business community. According to Prove It, any large-scale organization that simply claims to represent the interests of small businesses could justify the removal of a regulation that negatively impacts its largest members.

Furthermore, a recent CBO score found that the Prove It Act would cost the federal government even more money, which ironically is in direct conflict with the goals of the administration to reduce spending and lower our federal workforce. The Prove It Act would require over $35 million in administrative costs for the expected applicable agencies to hire the staff and obtain resources necessary to carry out the intent of the law. The Act would also work to increase the federal deficit even more, placing other programs that small businesses rely on at risk in today's extremely tight fiscal environment on Capitol Hill.[19] It is important to keep in mind that these figures are mere estimates, and if left unrestricted, what's to stop larger firms and wealthy associations from contesting every new regulation, further driving up costs to the taxpayer while leaving small businesses with incomplete information on compliance and implementation efforts.

Increasing the budget needed by federal agencies in today's political environment stands in direct conflict with the significantly reduced federal workforce – a direct result of the Trump administration's recissions and cuts. How can Congress expect agencies like SBA's Office of Advocacy, the Department of Labor, Department of Energy, or the Department of Health and Human Services (to name a few examples) to address the onslaught of regulatory reviews and challenges triggered by H.R. 1163 when the White House is allowing mass lay-offs and forced early retirements to occur at every agency serving the needs of our country? The budgetary impacts could

[18] "Scientific opinion poll: Small Businesses seek a level playing field and chance to compete fairly." Small Business Majority. March 30, 2022. https://smallbusinessmajority.org/our-research/small-businesses-seek-level-playing-field-and-chance-compete-fairly
[19] "H.R. 7198, Prove It Act of 2024." Congressional Budget Office. December 2, 2024. https://www.cbo.gov/publication/61042

quickly become quite overwhelming when considering the reality that H.R. 1163 would not only allow the contestation of new regulations, but regulations that were promulgated during the prior administration, with a look-back period that reaches back five years. Taxpayer dollars would be better spent on efforts to support the programs and staff that directly serve small businesses, not by clogging up agency operations with challenges to regulations.

Existing structures should be strengthened

Agencies are already bound by the requirements of the Regulatory Flexibility Act (RFA) (5 U.S.C 601-610) which requires them to conduct a review of rules that will have a significant (or expected) impact on a substantial number of small businesses within a ten-year period.[20] If properly adhering to the guidelines of the RFA and with proper coordination with the SBA's independent Office of Advocacy, the RFA should provide the proper and necessary structures for agencies to ensure that regulations are not overly burdensome on America's small business community. The bill provides the Chief Counsel for the SBA's Office of Advocacy (which, while independent, is a politically appointed position) with uncharted political power and authority to overturn or to cancel the implementation of rules if an agency cannot comply with the overburdensome and arduous (not to mention, expensive) process of adhering to the framework (including a mandatory retroactive review of regulations examining the impact on small business concerns over a 10 year period) as laid out in H.R. 1163.

The Office of Advocacy was created to protect small businesses against costly and burdensome regulations. We strongly believe that Advocacy should continue to be supported as the independent watchdog on small business regulatory compliance. There are multiple processes and levers that Advocacy could pursue that do not involve overturning regulations or upending the regulatory process every time a special interest group or individual petitioner deems a regulation to pose an undue or costly burden on a small entity.

- Advocacy should work with other agencies to grant small businesses additional compliance timelines compared to larger businesses in the impacted industry. Ensuring that small businesses have the time needed to comply with a regulation will reduce the burden on small businesses in time and cost, leaving them with more time to run the core operations of their business. Advocacy should identify agencies that are frequently cited as promulgating overburdensome regulations on small businesses or that have understated the potential burden on small business owners. From there, Advocacy could work with these agencies to provide increased guidance on how regulations impact small entities with the goal of helping agency personnel become better adept at identifying potential challenges for small businesses instead of deregulating the economy broadly.

- Advocacy should receive increased resources for small business regulatory roundtables and listening sessions in the field, as many small business owners are unable to attend virtual events during their busiest hours. Instead, Advocacy needs to have a better on-the-ground presence that helps understand the challenges and needs of small businesses when complying with changing regulations. Advocacy cannot do this at their full capacity when Congress fails to pass its annual appropriations bills, leaving behind a lack of personnel resources that would be needed to properly connect with small businesses on the ground in communities across the nation.

Lasty, the Office of Information and Regulatory Affairs (OIRA), within the Office of Management and Budget (OMB), provides additional oversight in the federal rulemaking process as it is tasked with

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[20] "5 U.S. Code Chapter 6." U.S. Code. https://uscode.house.gov/view.xhtml?path=/prelim@title5/part1/chapter6&edition=prelim

reviewing significant proposed and final rules with the ability to encourage agencies to reevaluate or withdraw rules if deemed necessary. The previous administration recognized the importance of OIRA's key functions through Executive Order 14094 which encouraged agencies to take necessary steps to strengthen regulatory review processes, increase public involvement in rulemaking, and increasing transparency and effectiveness of OIRA. The EO called upon agencies to strengthen public engagement within impacted communities, like small businesses, and to reduce barriers to regulatory compliance. Unfortunately, EO 14094 was revoked by President Trump, which is in direct contradiction to the administration's goals of reducing the regulatory burdens that businesses and industries face in navigating the regulatory landscape. OIRA represents a critical backstop for the Office of Advocacy and both watchdog agencies work hand in hand throughout the regulatory review process, which includes SBREFA panels, to ensure the interests of small businesses are represented. We encourage Congress and the Trump administration to work to issue guidance for OIRA offices that empower their ability to reach small businesses on the ground to ensure the regulatory environment is conducive to supporting and protecting small business growth.

Legislative solutions and oversight

Congress should consider solutions to help Main Street work within the regulatory requirements of their respective industries while still maintaining a gold standard commitment to health, safety, and commercial standards that protect the wellbeing of small businesses and their consumers.

- Congress should continue to pass bipartisan laws to help small businesses navigate regulatory compliance needs. A good example is seen through Public Law No: 117-188, the One Stop Shop for Small Business Compliance Act of 2021. The legislation recognized the vast complexity of the regulatory environment and provided a national clearinghouse of all regulatory compliance information needed across state lines including clear small entity compliance guidelines. Instead of dismantling the regulatory environment that small businesses are already in compliance with, we encourage the creation of more laws that make regulatory compliance easier and simple without an overly burdensome time or financial cost to small business owners.

- Congress should strengthen and invest in the role of the national Ombudsman, currently operating with few or no staff, to help small business owners understand and comply with regulations before them. H.R. 5999 (118th Congress), the Small Business Regulatory Relief Act, would serve this goal well by encouraging the Ombudsman to work with federal agencies to develop best practice guidelines to help small businesses understand the regulatory landscape, in addition to providing funding for outreach, and establishing points of contacts across the federal government to enable deeper collaboration with the Ombudsman.

- If Congress would like to increase scrutiny on agencies involved in the promulgation of rules that have a perceived cost or time burden on small businesses, Congress must be prepared to give agencies the resources both in funding and staff needed to carry out the goals of such proposed legislation. For example, many of the solutions posed by members of the Committee include a strenuous and tedious review of regulatory actions that is expected to take time, money, and a commitment to deploy the necessary personnel to conduct regulatory reviews. The goals of legislation like The Regulatory Agenda Clarity Act, The Regulatory Review Improvement Act, and the Let American Businesses Be on the Record Act stand in contradiction to the administration's goals of reducing the federal workforce and defunding agencies across the board to pay for a massive and expensive reconciliation package.

- Should Congress decide to pass laws implementing an expansive deregulatory agenda, lawmakers should also require that agencies conduct analyses on regulations that help small businesses; for example, in the energy sector, small businesses were able to access tax benefits for investing in clean energy upgrades through the Inflation Reduction Act (IRA). Likewise, the CHIPS and Science Act included over $50 million through the CHIPS for America Small Business Innovation Research program, which was geared toward helping small manufacturers innovate and compete with larger companies in their industry. Investing in America rules and regulations are an example of a time when changing regulatory landscapes worked in the favor of many small businesses that needed support in their industry to thrive. Lastly, the Trump administration's sweeping policy changes will ultimately result in more regulatory changes to enact desired changes across manufacturing, energy, and industrial sectors. While the administration works toward passing energy reform and investing in American manufacturing, we should not inadvertently strip key benefits erected by the regulatory landscape over the last few years.

Small businesses need certainty, consistency, and clear guidance from the government in order to comply with the regulatory structures in their respective industries, not chaos, confusion, and contradicting information. Enacting a deregulatory agenda will only sow more doubts about the capability of our government to keep our economy healthy and stable. Instead, Congress should be hyper-focused on helping small business owners navigate the ever-changing and increasingly challenging economy including helping small businesses find relief on tariffs, empowering the SBA with the capacity it requires to serve the needs of today's entrepreneurs, and ensuring that our small contractors can continue to contribute to our public sector procurement system. Small businesses are more concerned with the lack of a rational regulatory structure than they are with the current regulations they are already seeking to comply with. We sincerely look forward to working with this Committee and with Congress as a whole to inform legislation that would strengthen our ability to create regulations with small business voices at the center.

For questions or additional information, please contact our Government Affairs Director, Alexis D'Amato, at adamato@smallbusinessmajority.org.

Sincerely,

John C. Arensmeyer

John Arensmeyer
Founder & CEO
Small Business Majority

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119TH CONGRESS
1ST SESSION

H. R. 1163

To amend title 5, United States Code, to require greater transparency for Federal regulatory decisions that impact small businesses, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 10, 2025

Mr. FINSTAD (for himself, Ms. HAGEMAN, Mr. MORAN, Ms. SALAZAR, Mr. MEUSER, Mr. NUNN of Iowa, Mr. STEIL, and Mr. STAUBER) introduced the following bill; which was referred to the Committee on the Judiciary, and in addition to the Committee on Small Business, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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A BILL

To amend title 5, United States Code, to require greater transparency for Federal regulatory decisions that impact small businesses, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Prove It Act of 2025".

SEC. 2. INITIAL REGULATORY FLEXIBILITY ANALYSIS.

(a) IN GENERAL.—Chapter 6 of title 5, United States Code, is amended—

(1) in section 603(b)—

(A) in paragraph (5), by striking the period at the end and inserting "; and"; and

(B) by adding at the end the following:

"(6) where feasible, any reasonably foreseeable potential indirect costs the proposed rule may impose on small entities, including small entities that—

"(A) purchase products or services from, sell products or services to, or otherwise conduct business with entities directly regulated by the rule;

"(B) are directly regulated by other governmental entities as a result of the rule; or

"(C) are not directly regulated by the agency as a result of the rule but are otherwise subject to other agency rules as a result of the rule.";

(2) in section 605(b), by striking "The agency" and inserting "Not later than 10 days after completing the certification described in this subsection, the agency"; and

(3) by inserting after section 605 the following:

"§ 605A. Review procedures relating to initial regulatory flexibility analysis certifications

"(a) FILING A PETITION TO REVIEW AGENCY CERTIFICATION OF A PROPOSED RULE.—

"(1) IN GENERAL.—Any small entity, group of small entities, or organization representing the interests of small entities may petition the Chief Counsel for Advocacy of the Small Business Administration (in this section referred to as the 'Chief Counsel') to review a certification published under section 605(b) that a proposed rule will not, if promulgated, have a significant economic impact on a substantial number of small entities.

"(2) FORM.—The Chief Counsel shall—

"(A) determine the method, timing, and form of disseminating a petition described in paragraph (1); and

"(B) display the information described in subparagraph (A) on the website of the Office of Advocacy of the Small Business Administration in a conspicuous manner.

"(3) CONTENTS.—Each petition described in paragraph (1) with respect to a certification published under section 605(b) for a proposed rule shall clearly and concisely—

"(A) specify the name of the petitioner and a telephone number, a mailing address, and an email address that the Chief Counsel may use to communicate with the petitioner;

"(B) if the petitioner is an organization, provide additional identifying information, as applicable, including the organizational or corporate status of the petitioner, the State of incorporation of the petitioner, the registered agent of the petitioner, the interest of the petitioner in representing small entities affected by the proposed rule and the certification at issue, and the name and authority of the individual who signed the petition on behalf of the organizational or corporate petitioner;

"(C) present the specific problems or issues that the petitioner believes should be addressed or considered through a review of the certification, such as—

"(i) any specific circumstances in which the determination of the certification that the proposed rule will not, if promulgated, have a significant economic impact on a substantial number of small entities is incorrect, incomplete, or inadequate; or "(ii) why the proposed rule would, if promulgated, have a significant economic impact on a substantial number of small entities;

"(D) cite, enclose, or reference any relevant and non-protected or confidential technical, scientific, or other data or information supporting any assertion of the problems or issues with the certification;

"(E) present a proposed solution to the problems or issues raised in the petition, including potential regulatory or compliance alternatives to the proposed rule;

"(F) provide an analysis, discussion, or argument that explains how the proposed solution described in subparagraph (E) solves the problems or issues raised in the petition; and

"(G) cite, enclose, or reference any other publicly available data or information supporting the proposed solution described in subparagraph (E).

"(b) CONSULTATION.—

"(1) IN GENERAL.—Any entity or organization desiring to file a petition under subsection (a) may request a consultation with the Chief Counsel before or after filing the petition.

"(2) FORM.—The Chief Counsel shall—

"(A) determine the method, timing, and form of requesting a consultation with the Chief Counsel under paragraph (1); and

"(B) display the information described in subparagraph (A) on the website of the Office of Advocacy of the Small Business Administration in a conspicuous manner.

"(3) LIMITATIONS ON ASSISTANCE.—In any consultation regarding a petition under paragraph (1), the Chief Counsel—

"(A) may only—

"(i) describe the process for filing, docketing, tracking, closing, amending, withdrawing, and resolving the petition; and

"(ii) assist the petitioner to clarify the petition so that the Chief Counsel is able to understand the issues of concern to the petitioner; and

"(B) may not advise a petitioner on whether the petition should be amended or withdrawn.

"(c) PRIMA FACIE REVIEW.—

"(1) IN GENERAL.—Upon receipt of a petition filed under this section with respect to the certification of a proposed rule, the Chief Counsel shall make an initial prima facie determination on the merit of the issues raised in the petition as to the properness of the certification and whether the proposed rule in question would, if promulgated, have a significant economic impact on a substantial number of small entities.

"(2) NO FURTHER REVIEW.—If, following the prima facie review of a petition under paragraph (1), the Chief Counsel determines that the issues raised in the petition do not merit further review by the Chief Counsel, the Chief Counsel shall, not later than 10 days after receipt of the petition, inform the petitioner of that determination and the matter shall be closed.

"(3) FURTHER REVIEW.—If, following the prima facie review of a petition under paragraph (1), the Chief Counsel determines that the issues raised in the petition do merit further review by the Chief Counsel, the Chief Counsel shall, not later than 10 days after receipt of the petition, inform the petitioner and the agency that promulgated the proposed rule that the Chief Counsel shall conduct a full review of the certification and proposed rule to which the petition relates under subsection (d).

"(d) FULL REVIEW.—

"(1) CONSIDERATIONS; MEETING.—In conducting a full review under this subsection with respect to the certification made under section 605(b), the Chief Counsel shall—

"(A) consider—

"(i) whether the agency that promulgated the proposed rule correctly determined which small entities will be affected by the proposed rule;

"(ii) whether the agency considered adequate economic data to assess whether the proposed rule will have a significant impact on a substantial number of small entities; and

"(iii) the economic implications of the proposed rule; and

"(B) convene a virtual or in-person meeting between the Chief Counsel, the petitioner, representatives of the agency that promulgated the proposed rule who are determined appropriate by the Chief Counsel, and the Administrator of the Office of Information and Regulatory Affairs to—

"(i) provide positions and support for those positions regarding the certification of the proposed rule; and

"(ii) allow the Chief Counsel to ask questions as the Chief Counsel determines necessary to make a final determination as to the validity of the certification.

"(2) PUBLICATION.—Not later than 30 days after the date on which the Chief Counsel begins a full review of a certification made with respect to a proposed rule under paragraph (1), the Chief Counsel shall submit to the petitioner and the agency that promulgated the proposed rule, and publish in the Federal Register and on the website of the Office of Advocacy of the Small Business Administration, the results of the review conducted under paragraph (1).

"(3) REQUIREMENT TO PERFORM ANALYSES.—If, after a full review of a certification made with respect to a proposed rule under paragraph (1), the Chief Counsel determines that the proposed rule will, if promulgated, have a significant economic impact on a substantial number of small entities, the agency that promulgated the proposed rule shall perform an initial regulatory flexibility analysis and a final regulatory flexibility analysis for the proposed rule under sections 603 and 604, respectively.

"(4) PENALTY.—If an agency fails to attend the required meeting under paragraph (1)(B) or in any other way fails to assist the Chief Counsel in a full review under paragraph (1) with respect to a proposed rule of the agency, as determined by the Chief Counsel, the final rule shall not apply to small entities.

"(5) JUDICIAL REVIEW.—For purposes of judicial review under chapter 7 of this title, a certification made by an agency under section 605(b) for which a petition is filed under subsection (a) shall be considered final agency action as of the date on which the Chief Counsel—

"(A) makes a determination under subsection (c)(2) that the issues raised in the petition do not merit further review; or

"(B) publishes the results of a full review of the certification under paragraph (1).".

(b) TECHNICAL AND CONFORMING AMENDMENT.—The table of sections for chapter 6 of title 5, United States Code, is amended by inserting after the item relating to section 605 the following:

"605A. Review procedures relating to initial regulatory flexibility analysis certifications.".

SEC. 3. PUBLICATION OF GUIDANCE.

Section 609 of title 5, United States Code, is amended by adding at the end the following:

"(f) With respect to any rule that an agency determines is likely to have a significant economic impact on a substantial number of small entities, the head of the agency shall, on regulations.gov or any similar internet website—

"(1) publish all guidance documents and other relevant documents, as determined by the agency, including any updated guidance documents that set forth interpretations of the rule; and

"(2) allow for comments on the documents described in paragraph (1) to ensure that small entities may access and provide feedback on those documents.".

SEC. 4. REVIEW PROCEDURES FOR SECTION 610 PERIODIC REVIEW OF RULES.

(a) IN GENERAL.—Section 610 of title 5, United States Code, is amended—

(1) in subsection (b)—

(A) in the matter preceding paragraph (1), by striking "the following factors";

(B) in paragraph (4), by striking "and" at the end;

(C) in paragraph (5), by striking the period at the end and inserting "; and"; and

(D) by adding at the end the following:

"(6) any indirect costs described in the initial regulatory flexibility analysis under section 603(b)(6), and any other indirect costs that may have arisen during the 10-year period described in subsection (a)."; and

(2) by adding at the end the following:

"(d) If an agency fails to conduct a review of a rule as required under this section within the 10-year period described in subsection (a)—

"(1) the Chief Counsel for Advocacy of the Small Business Administration shall notify the agency that the rule has ceased to be effective;

"(2) the agency shall publish in the Federal Register a notification that the rule has ceased to be effective, and solicit comments for why the rule should be reinstated; and

"(3) if, based on the comments received under paragraph (2), the agency determines that the rule should be reinstated—

"(A) the agency shall have 180 days beginning on the date of that determination to complete the review of the rule under this section; and

"(B) upon completion of the review under subparagraph (A), the rule shall be reinstated, notwithstanding the notice and comment rulemaking procedures under section 553 of this title.".

(b) APPLICATION.—The amendment made by subsection (a)(2) shall apply with respect to any final rule issued by an agency—

(1) during the 5-year period preceding the date of enactment of this Act; or

(2) on or after the date of enactment of this Act.

SEC. 5. NO ADDITIONAL FUNDS.

No additional funds are authorized to be appropriated for the purpose of carrying out this Act or the amendments made by this Act.

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119TH CONGRESS
1ST SESSION

H. R. 974

To require the Administrator of the Small Business Administration to ensure that the small business regulatory budget for a small business concern in a fiscal year is not greater than 0, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 4, 2025

Ms. VAN DUYNE (for herself, Mr. MEUSER, Mr. BEAN of Florida, and Mr. SCHMIDT) introduced the following bill; which was referred to the Committee on Small Business

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A BILL

To require the Administrator of the Small Business Administration to ensure that the small business regulatory budget for a small business concern in a fiscal year is not greater than 0, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Small Business Regulatory Reduction Act".

SEC. 2. SMALL BUSINESS ADMINISTRATION RULEMAKING COSTS TO SMALL BUSINESS CONCERNS.

(a) DEFINITIONS.—In this section:

(1) ADMINISTRATOR.—The term "Administrator" means the Administrator of the Small Business Administration.

(2) RULE; RULE MAKING.—The terms "rule" and "rule making" have the meanings given those terms in section 551 of title 5, United States Code.

(3) SMALL BUSINESS CONCERN.—The term "small business concern" has the meaning given the term in section 3 of the Small Business Act (15 U.S.C. 632).

(4) SMALL BUSINESS REGULATORY BUDGET.—The term "small business regulatory budget" means the cost to a small business concern of a rule making conducted by the Small Business Administration, including the cost resulting from the issuance of any new rule and the cost resulting from the modification or repeal of an existing rule.

(b) REQUIREMENT.—In fiscal year 2026, and in each fiscal year thereafter, the Administrator shall ensure that the small business regulatory budget for each small business concern for the applicable fiscal year is not greater than 0.

(c) REPORT.—Not later than 60 days after the end of fiscal year 2025, and annually thereafter, the Administrator shall submit to Congress a report regarding rules issued by other Federal agencies during the preceding fiscal year that have an impact on small business concerns, which shall—

(1) include each such rule issued during the preceding fiscal year; and

(2) be disaggregated by the Federal agency that issued each such rule.

SEC. 3. NO ADDITIONAL FUNDS.

No additional funds are authorized to be appropriated to carry out this Act.

○

Associated Builders and Contractors

March 26, 2025

The Honorable Roger Williams
Chair
House Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

The Honorable Nydia Velázquez
Ranking Member
House Committee on Small Business
U.S. House of Representatives
Washinton, DC 20515

Dear Chairman Williams, Ranking Member Velázquez, and Members of the U.S. House Committee on Small Business:

On behalf of Associated Builders and Contractors, a national construction industry trade association with 67 chapters representing more than 23,000 members, I appreciate the opportunity to comment on the committee's hearing, "The Golden Age: Unleashing Main Street Through Deregulation." The majority of ABC's general contractor and subcontractor members qualify as small businesses as defined by the Small Business Administration. The industry consistently has one of the highest concentrations of small business participation and its members play an integral role in building America's infrastructure.

Throughout the last four years, small business contractors around the country faced severe economic uncertainty. The Biden-Harris administration advanced numerous regulations that imposed substantial burdens on Main Street, picking winners and losers along the way. What's worse, federal agencies utilized loopholes in the Regulatory Flexibility Act to implement these regulations at the expense of America's small business community. With a business-friendly administration and like-minded Congress, Main Street businesses can finally expect some much-needed relief.

Last Congress, the House Small Business Committee released an RFA report detailing a concerning lack of compliance in the federal rulemaking process. The report revealed that federal agencies' continuously utilized loopholes in the RFA that allowed them to circumvent the proper analysis needed to accurately consider the costs and number of affected small businesses when issuing new rules. What's more, the SBA's Office of Advocacy found agencies often improperly certify that rules will not have a significant economic impact on a substantial number of small entities, only consider the direct costs on small businesses or misrepresent the costs on small businesses from regulation.

For this reason, ABC is proud to support the Prove It Act in the 119th Congress (H.R. 1163), which strengthens the RFA by allowing Main Street businesses, and the groups that represent them, to petition the SBA to examine whether a federal regulation would have significant economic effects on a large number of small businesses. Currently, agencies are not required to perform a regulatory flexibility analysis if they certify that a proposed rule would not have a significant economic impact on a substantial number of small entities. Through the Prove It Act, groups like ABC can call on the SBA to challenge the agency's claim and request an analysis if they see fit.

It is crucial that we take the necessary steps to ensure that small businesses are no longer burdened by excessive red tape. Empowering the SBA and small businesses nationwide will restore balance and ensure that the voices of small businesses are considered during the federal rulemaking process. In doing so, we can help to level the playing field for Main Street America.

ABC encourages your support of H.R. 1163 and remains committed to advocating for policies that support the growth and success of small businesses.

Sincerely,

Kristen Swearingen
Vice President, Legislative & Political Affairs

440 First St., N.W., Suite 200 | Washington, DC 20001 | (202) 595-1505 | abc.org

NAHB > Builder Confidence Falls on Cost Uncertainty

Builder Confidence Falls on Cost Uncertainty

Economics

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Contacts:
Elizabeth Thompson
ethompson@nahb.org (mailto:ethompson@nahb.org)
AVP, Media Relations
(202) 266-8495

Stephanie Pagan
spagan@nahb.org (mailto:spagan@nahb.org)
Director, Media Relations
(202) 266-8254

Economic uncertainty, the threat of tariffs and elevated construction costs pushed builder sentiment down in March even as builders express hope that a better regulatory environment will lead to an improving business climate.

Builder confidence in the market for newly built single-family homes was 39 in March, down three points from February and the lowest level in seven month according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI) released today.

"Builders continue to face elevated building material costs that are exacerbated by tariff issues, as well as other supply-side challenges that include labor and lot shortages," said NAHB Chairman Buddy Hughes, a home builder and developer from Lexington, N.C. "At the same time, builders are starting to see relief on the regulatory front to bend the rising cost curve, as demonstrated by the Trump administration's pause of the 2021 IECC building code requirement and move to implement the regulatory definition of 'waters of the United States' under the Clean Water Act consistent with the U.S. Supreme Court's Sackett decision."

"Construction firms are facing added cost pressures from tariffs," said NAHB Chief Economist Robert Dietz. "Data from the HMI March survey reveals that builders estimate a typical cost effect from recent tariff actions at $9,200 per home. Uncertainty on policy is also having a negative impact on home buyers and development decisions."

The latest HMI survey also revealed that 29% of builders cut home prices in March, up from 26% in February. Meanwhile, the average price reduction was 5% in March, the same rate as the previous month. The use of sales incentives was 59% in March, unchanged from February.

Derived from a monthly survey that NAHB has been conducting for more than 35 years, the NAHB/Wells Fargo HMI gauges builder perceptions of current single-family home sales and sales expectations for the next six months as "good," "fair" or "poor." The survey also asks builders to rate traffic of prospective buyers as "high to very high," "average" or "low to very low." Scores for each component are then used to calculate a seasonally adjusted index where any number over 50 indicates that more builders view conditions as good than poor.

The HMI index gauging current sales conditions fell three points to 43 in March its lowest point since December 2023. The gauge charting traffic of prospective buyers dropped five points to 24 while the component measuring sales expectations in the next six months held steady at 47.

Looking at the three-month moving averages for regional HMI scores, the Northeast fell three points in March to 54, the Midwest moved three points lower to 42, the South dropped four points to 42 and the West posted a two-point decline to 37.

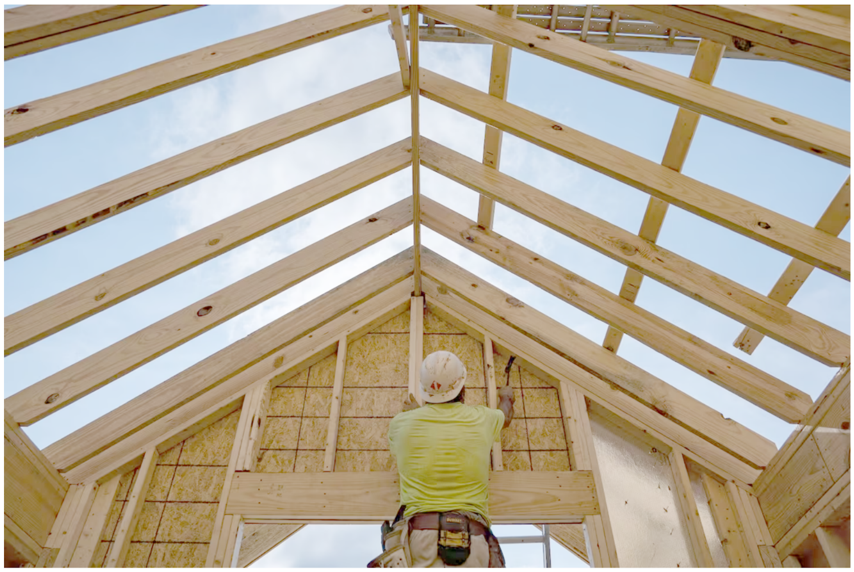
HMI tables can be found at **nahb.org/hmi** (https://www.nahb.org/news-and-economics/housing-economics/indices/housing-market-index). More information on housing statistics is also available at **Housing Economics PLUS** (https://www.nahb.org/news-and-economics/housing-economics-plus).

NH BUSINESS

Tariffs could drive up N.H. housing costs even more, developers warn

The average price of a single-family home in the state topped $500,000 in 2024

By Amanda Gokee Globe Staff, Updated March 20, 2025, 12:16 p.m.



Workers built homes in Lillington, N.C., in 2023. ALLISON JOYCE/BLOOMBERG

CONCORD, N.H. — The high cost of housing in New Hampshire is already out of reach for many, with the median single-family home surpassing $500,000 last year. Now, some developers are warning that tariffs on building materials from Canada and China could drive those record-breaking prices even higher.

Eric Laplante, who owns Summit 48 Construction in Concord, said he's watching for tariffs on lumber and gypsum, a material used in drywall. Both products are commonly imported from Canada.

Laplante said a 25 percent increase to those materials would increase home costs by 2 percent to 3 percent. But costs could rise further, he added, considering tariffs on metal and aluminum from China, which would drive up the price of appliances and roofing.

“It’s still too early to tell, but we get about 70 percent of our lumber from Canada,” he said.

Higher tariffs on lumber from Canada were among those the Trump administration delayed until April 2, according to the National Association of Home Builders, while tariffs on aluminum and steel imports went into effect last week.

Laplante warned that quickly shifting lumber production to the United States isn’t feasible because we don’t have enough of the right kind of trees or the lumber mills needed to process them.

“We just don’t have enough of what we need specifically for construction,” he said.

Among the New England states, New Hampshire could be more vulnerable to retaliatory tariffs, since it has the highest percentage of exports of any New England state, accounting for 7 percent of the state’s gross domestic product in 2023, according to data from the US Department of Commerce and Wells Fargo. Exports in Vermont, Massachusetts, and Connecticut accounted for 5 percent of each state’s GDP, while they were 4 percent in Rhode Island and 3 percent in Maine.

Other New Hampshire developers said Tuesday that while price increases are possible, they haven’t necessarily materialized yet.

“So far, unless you’re buying stuff that’s aluminum- or steel-related – they’re a bit more expensive now – prices haven’t changed that much,” said Eric Jackson, director of acquisitions and development for The Stabile Companies, a company that builds homes in Nashua.

He said lumber prices have gone up about $100 per 1,000 board-foot since January, which he said was likely in anticipation of tariffs.

“Unfortunately, when the Canadian stuff goes up, the American stuff will probably follow it,” he said. “So it could make the cost of housing higher.”

Even without those cost increases, Jackson said building an affordable single-family home in New Hampshire has become increasingly difficult, with the homes his company built selling for between $700,000 to $800,000 “before the numbers work.”

Labor is another area the developers warned would likely be impacted as President Trump cracks down on illegal immigration.

Jackson said while 25 to 30 percent of the construction workforce in the United States is immigrant labor, in New Hampshire he believes it's likely around 60 percent, although it's unclear how many workers are undocumented.

"If meaningful numbers go away, it'd be a challenge," he said.

This story first appeared in Globe NH | Morning Report, our free newsletter focused on the news you need to know about New Hampshire, including great coverage from the Boston Globe and links to interesting articles from other places. If you'd like to receive it via e-mail Monday through Friday, you can sign up here.

Amanda Gokee can be reached at amanda.gokee@globe.com. Follow her @amanda_gokee.

Small Business & Entrepreneurship Council

July 18, 2023

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:

Especially during a period of heightened federal regulatory activity, as we are currently experiencing, it is important that the Administrator of the Small Business Administration (SBA) understand and quantify the cost of federal regulation so that she or he – and Congress - can better serve the interests of our nation's small business owners. The Small Business Regulatory Reduction Act directs the Administrator to quantify and monitor such costs on small businesses, which is greatly needed as the cumulative costs are overwhelming for many small businesses.

The Small Business & Entrepreneurship Council (SBE Council) strongly supports this legislation.

The SBA and its Administrator need to provide leadership on federal regulatory matters, and more assertively communicate the negative effects of excessive, unwarranted and outdated regulation on small businesses. The cumulative cost and burden of federal regulation disproportionately harm small firms, and by working to ensure that the annual costs of the Administration's rulemakings are not greater than zero, the SBA can have a profound impact on federal rulemaking design and activity.

The legislation requires the SBA to annually report to Congress on federal regulations that have on impact on small businesses. Again, quantifying these costs and whether rules cumulatively exceed a zero-based regulatory budget will provide important information to Congress and regulators about how federal rules are impacting small businesses. This important tool will help Congress with oversight and continually inform regulators, Administration policy leaders and staff, and the public that federal regulation is not free, it comes with costs, which can profoundly affect the competitiveness and viability of small businesses.

Every member of Congress needs to support this common-sense legislation that will help our nation's small businesses more effectively compete, grow and succeed.

Sincerely,

Karen Kerrigan
President & CEO

cc: The Honorable Beth Van Duyne

800 Connecticut Ave. NW ● Suite 300
Washington, D.C. 20006
(703)-242-5840
www.sbecouncil.org
@SBECouncil

Protecting Small Business, Promoting Entrepreneurship