

## PAPERWORK REDUCTION ACT SAMPLE COMMENT LETTER

### COMMENTS DUE DECEMBER 28, 2009

The Honorable Cass Sunstein, Administrator  
Office of Information and Regulatory Affairs  
Office of Management and Budget

Transmittal through E-mail to: [oir\\_submission@omb.eop.gov](mailto:oir_submission@omb.eop.gov)

Dear Administrator Sunstein:

Thank you for the opportunity to comment on the Office of Management and Budget's (OMB) notice on "Improving Implementation of the Paperwork Reduction Act." The [insert small business organization here] represents [insert number of small businesses you represent] small businesses. Our small business members care deeply about their obligations to ensure safe and clean workplaces and their responsibility to their communities and their country. They also know that the rising costs of federal mandates hits small business the hardest. We believe that government must be sensitive to how paperwork and record-keeping requirements impact small business and take every effort to reduce those burdens while enforcing federal laws. The tool used to police paperwork and record-keeping mandates is the Paperwork Reduction Act and we appreciate you asking for comments on how implementation of the Act can be improved.

#### **Economic Importance of Small Business:**

Small firms represent 99.7% of all employer firms. They account for over half of our country's GDP and they employ over half of our private sector employees.<sup>1</sup> Right now, as our economy struggles to recover from the recession, we are looking to small business as the force behind job creation. Startups with fewer than 20 employees account for 86.7% of net job creation.<sup>2</sup> In 2006, more than 800,000 small businesses were created in the United States.<sup>3</sup> Of those, more than 642,000 had fewer than 20 employees.<sup>4</sup>

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<sup>1</sup> U.S. Small Business Administration, Office of Advocacy, Frequently Asked Questions (September 2009), available at: <http://www.sba.gov/advo/stats/sbfaq.pdf> .

<sup>2</sup> See Stefan Fölster, "Do Entrepreneurs Create Jobs," *Small Business Economics* 14 (2000): 137-148; David B. Audretsch, Max C. Keilbach, Erik Lehman, *Entrepreneurship and Economic Growth* (Oxford University Press, 2006).

<sup>3</sup> Statistics on the change in U.S. Business Employment are available at [http://www2.census.gov/econ/susb/data/dynamic/0506/us\\_state\\_totals\\_emplchange\\_2005-2006.xls](http://www2.census.gov/econ/susb/data/dynamic/0506/us_state_totals_emplchange_2005-2006.xls) .

<sup>4</sup> *Ibid.*

## **Federal Mandates Hit Small Businesses the Hardest:**

Given the importance of small business to the economic strength of the United States, it is important that government be sensitive to how paperwork and recordkeeping requirements impact small employers. The need for special consideration of the regulatory impact on small firms becomes even more apparent with the realization of how small firms disproportionately bear the burden of federal mandates. Small businesses with fewer than 20 employees face a 45% larger burden to comply with federal regulations than their larger-business competitors.<sup>5</sup> For those small businesses, the annual cost per employee is \$7,747 to comply with federal regulations. The cost of paperwork for small business averages roughly \$50 per hour.<sup>6</sup> In small firms, owners are much more likely to handle paperwork and record-keeping themselves. This contrasts with the practice in large corporations that task paperwork and record-keeping to employees.

### **Recommendations:**

The rising amount of paperwork and record-keeping is stifling small employers' ability to focus on growing their business. Recently, small businesses ranked "burdensome government regulations" twice as high as access to credit in their listing of top concerns.<sup>7</sup> The growing concern by small firms mirrors the growing regulatory burden that threatens to slow an economic recovery. That is why improving implementation of the Paperwork Reduction Act is so important. For those reasons, please consider the following recommendations:

- IRS paperwork and record-keeping represents a significant portion of the burden imposed on small businesses. There should be a federal mandate for the IRS to reduce their paperwork burden.
- A business owner should not have to submit the same information to the federal government more than once. If it is not practicable for agencies to share information in order to relieve small businesses of filing multiple forms with the same information, then each agency should only receive information one time and be able to share the data amongst offices.
- Voluntary surveys should be subjected to the same scrutiny as mandatory information collection requirements. When small businesses receive official requests from the federal government, they are not necessarily in a position to determine whether one form is less important than another. Designating "voluntary surveys" as less onerous on small business is a not a true reflection of how small businesses react to paperwork and recordkeeping mandates.

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<sup>5</sup> W. Mark Crain, the *Impact of Federal Regulations on Small Firms*, funded by the U.S. Small Business Administration, Office of Advocacy (2005).

<sup>6</sup> William J. Dennis, Jr., *Paperwork and Record-Keeping*, NFIB National Small Business Poll, Volume 3, Issue 5 (2003).

<sup>7</sup> William C. Dunkelberg & Holly Wade, *NFIB Small Business Economic Trends*, (December, 2009).

- The burden associated with paperwork and recordkeeping are largely ignored by individual government offices that seek to impose new information collection requests, new reporting requirements, and additional lines of information in existing reporting requirements. To cure the lack of sensitivity and promote transparency, uniform guidelines should require agencies to publish a "Paperwork Impact Analysis" with any proposed rule. Such analysis, that would receive the benefit of public comment, should include:
  - a) the quantity of paperwork and recordkeeping that would reasonably be expected from the proposal; and
  - b) the amount of time dedicated to paperwork and recordkeeping associated with regulatory compliance with the proposal; and
  - c) the cost of compliance to meet the paperwork burden that would reasonably be expected from the proposal; and
  - d) a consideration of alternatives that meet the underlying objectives of the proposal and would lessen the paperwork and recordkeeping burden on small entities.

Thank you for the opportunity to submit these comments on behalf of [insert small business organization here]. We are committed to working with the Office of Information and Regulatory Affairs and the U.S. Small Business Administration's Office of Advocacy. Together, we can find ways to lessen the regulatory burden on small business while improving the regulatory framework that is in place to help the environment, workplace safety, our communities, and the protection of our country. If you have questions about our submission, please do not hesitate to contact [insert name and contact information of staff contact here].

Sincerely,

[Signature  
Title  
Organization]