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MARKUP OF THE SEMIANNUAL REPORT ON THE ACTIVITY OF THE COMMITTEE ON SMALL BUSINESS

HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS
UNITED STATES
HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

HEARING HELD
JUNE 23, 2011

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MARKUP OF THE SEMIANNUAL REPORT ON THE ACTIVITY OF THE COMMITTEE ON SMALL BUSINESS

THURSDAY, JUNE 23, 2011

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

The Subcommittee met, pursuant to call, at 2:00 p.m., in Room 2360, Rayburn House Office Building. Hon. Sam Graves [chairman of the Committee] presiding.

Present: Representatives Graves, West, and Velázquez.

Chairman GRAVES. Good afternoon. We will call the meeting to order for the Semiannual Report on the Activity of the Small Business Committee. Pursuant to House Rules, each standing committee must submit a Semiannual Report on the activities of that committee, including separate sections summarizing its legislative and oversight activities.

Before us today is our Semiannual Report, and this report includes a copy of the Committee's rules and oversight plan which passed by voice vote on January 26, 2011. It includes a list of the Committee's membership and how the Committee is organized in a summary of its legislative and oversight activities.

As of June 14th, the Small Business Committee has conducted 10 full Committee hearings, seven Subcommittee meetings on issues such as repealing the troublesome 1099 reporting requirement in the Health Care bill, identifying federal regulatory outreach, the effect of pending free trade agreements on small exporters and two markups. We have had hearings on the review of federal contracting laws, identifying duplicative programs within the Small Business Administration, studying the effects of high energy costs on small businesses, and examining how a lack of capital is preventing small firms from growing and creating jobs.

As you can see, the Committee has been very productive, and I look forward to another active six months before our next report. I now recognize the ranking member for her opening remarks.

Ms. VELÁZQUEZ. Thank you, Chairman, for yielding.

Today's meeting will consider a report summarizing the activities of the Small Business Committee for the first six months of the 112th Congress. It outlines hearings, legislation, oversight efforts, and steps taken to provide regulatory relief to small firms. This Committee plays a key role not only in passing measures to boost entrepreneurship but also by heightening the profile of critical small business issues. The legislative and hearing records play a

key role in shaping policies affecting access to capital, tax relief, and economic development of small firms.

This is the first time that the Committee will issue a Semiannual Report. It represents a change from previous Congresses when committees were only required to file annually. While I support additional transparency, today's markup strikes me as largely symbolic. However, these reports do encourage greater congressional oversight. I support it.

I recognize that the Chairman did not establish this new reporting requirement and he believes, as I do, that small businesses need action. The members of this Committee are acutely aware of the challenges small businesses face today. They have heard from witnesses throughout the year that getting the economy on solid footing must be Congress's top priority. It is my hope that the House can focus on a jobs package that helps small businesses grow. A common refrain is that small businesses are an afterthought when it comes to legislative priorities.

I know the Chairman shares my commitment to helping small businesses create jobs and restore our nation's economy. Today's markup will fulfill our obligation under House rules. Over the next 18 months, I look forward to working with the members of this Committee to fulfill our obligation to small businesses by tackling the problems they face.

And with that I yield back.

Chairman GRAVES. Thank you very much. Thank you very much, Ranking Member.

Does any other member wish to be heard or have a statement on the Semiannual Report? Seeing none, the Committee now moves to the consideration of the Semiannual Report. Will the clerk please read the document?

The CLERK. Semiannual Report on the Activity of the Committee on Small Business, First Session of the——

Chairman GRAVES. I would ask unanimous consent that the activity report be considered as read and open for amendment in its entirety except for those portions of this document which have already been approved and voted on by the Committee.

Seeing no objections, does any member seek recognition for the purpose of offering an amendment? All right.

Seeing none, the question is on adopting the Semiannual Report. All those in favor say aye.

[Chorus of ayes.]

Chairman GRAVES. All those opposed, no.

It is the opinion of the chair that the ayes have it. The Semiannual Report is adopted.

I would ask unanimous consent that the staff of the Committee be authorized to correct section numbers, punctuation, cross references, and any other technical or conforming corrections necessary to articulate and reflect the action of the Committee in the report.

And seeing no objections, the markup is adjourned. And with that, Ranking Member, I have the Northland Chamber of Commerce here. And they are visiting today and we have actually, as you can see, we do not get to control our schedule very much so

I have to move here and there with the votes. So I apologize for being late and I am going to speak to them.

Ms. VELÁZQUEZ. Welcome to Washington, D.C. It is really great to have real people here.

Chairman GRAVES. Thank you very much. The hearing is adjourned.

[Whereupon, at 2:15 p.m., the Committee markup was adjourned.]

CERTIFICATE OF NOTARY PUBLIC

DISTRICT OF COLUMBIA

I, Stephen K. Garland, notary public in and for the District of Columbia, do hereby certify that the forgoing PROCEEDING was duly recorded and thereafter reduced to print under my direction; that the witnesses were sworn to tell the truth under penalty of perjury; that said transcript is a true record of the testimony given by witnesses; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this proceeding was called; and, furthermore, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

NOTARY PUBLIC, IN AND FOR THE DISTRICT OF COLUMBIA,

My Commission Expires: May 31, 2014.

SEMIANNUAL REPORT ON THE ACTIVITY OF THE COMMITTEE ON SMALL BUSINESS FIRST SESSION OF THE 112TH CONGRESS

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REPORT

Clause 1(d) of rule XI of the Rules of the House of Representatives for the 112th Congress requires that each standing committee, not later than the 30th day after June 1, submit to the House a semiannual report on the activities of that committee, including separate sections summarizing the legislative and oversight activities of that committee.

JURISDICTION AND SPECIAL OVERSIGHT FUNCTION

Clause 1 (q) of rule X of the Rules of the House of Representatives of the 112th Congress sets forth the jurisdiction of the Committee on Small Business as follows --

(1) Assistance to and protection of small business, including financial aid, regulatory flexibility, and paperwork reduction.

(2) Participation of small-business enterprises in Federal procurement and Government contracts.

Clause 3(l) of rule X of the Rules of the House of Representatives for the 112th Congress sets forth the Special Oversight Function of the Committee on Small Business as follows --

The Committee on Small Business shall study and investigate on a continuing basis the problems of all types of small business.

RULES OF THE COMMITTEE ON SMALL BUSINESS FOR THE 112TH CONGRESS

1. GENERAL PROVISIONS

The Rules of the House of Representatives, in total (but especially with the operations of committees Rule X, cl. 1(q), cl. 2, cl. 3(l), and Rule XI) are the rules of the Committee on Small Business to the extent applicable and are incorporated by reference. Each Subcommittee of the Committee on Small Business ("the Committee") is a part of the Committee and is subject to the authority and direction of the Committee, and to the rules of the House and the rules adopted herein to the extent applicable.

2. REFERRAL OF BILLS BY THE CHAIR

The Chair will retain consideration of all legislation referred to the Committee by the Speaker. No action will be required of a Subcommittee before legislation is considered for

report by the Committee. Subcommittee chairs, pursuant to the rules set out herein, may hold hearings on any bill referred to the Committee.

3. DATE OF MEETING

The regular meeting date of the Committee shall be the second Wednesday of every month when the House is in session. The Chair may dispense with the meeting of the Committee, if in the sole discretion of the Chair, there is no need for such meeting. Additional meetings may be called as deemed necessary by the Chair or at the request of the majority Members of the Committee pursuant to Rule XI, cl. 2(c) of the rules of the House.

At least 3 days notice of such an additional meeting shall be given unless the Chair, with the concurrence of the Ranking Minority Member, determines that there is good cause to call the meeting on less notice or upon a vote by a majority of the Committee (a quorum being present). To the extent possible, the three days shall be counted from the 72 hours before the time of the meeting. Announcements of the meeting shall be published promptly in the Daily Digest and made publicly available in electronic form.

The determination of the business to be considered at each meeting shall be made by the Chair subject to limitations set forth in House Rule XI, cl. 2(c).

The Chair shall provide to each Member of the Committee, to the extent practicable, at least 48 hours in advance of a meeting, a copy of the bill, resolution, report or other item to be considered at the meeting, but no later than 24 hours before the meeting. Such material also shall be made available to the public at least 24 hours in advance in electronic form.

The rules for notice and meetings as set forth in Rule 3 of these Rules shall not apply to special and emergency meetings. Clause 2(c)(2) of Rule XI and clause 2(g)(3)(A) of Rule XI of the Rules of the House, as applicable, shall apply to such meetings.

A record vote of the Committee shall be provided on any question before the Committee upon the request of any Member of the Committee. A record of the vote of each Member of the Committee on a matter before the Committee shall be available in electronic form within 48 hours of such record vote, and, with respect to any roll call vote on any motion to amend or report, shall be included in the report of the Committee showing the total number of votes cast for and against and the names of those Members voting for and against.

The Chair of the Committee shall, not later than 24 hours after consideration of a bill, resolution, report or other item cause the text of the reported item and any amendment adopted thereto to be made publicly available in electronic form.

4. ANNOUNCEMENT OF HEARINGS

Public announcement of the date, place, and subject matter of any hearing to be conducted by the Committee shall be made no later than 7 calendar days before the commencement of the hearing. To the extent possible, the seven days shall be counted from 168 hours before the time of the Committee's hearing.

The Chair, with the concurrence of the Ranking Minority Member, or upon a vote by the majority of the Committee (a quorum being present), may authorize a hearing to commence on less than 7 calendar days notice.

A. Witness Lists

Unless the Chair determines it is impracticable to do so, the Committee shall make a tentative witness list available at the time it makes the public announcement of the hearing. If a tentative witness list is not made available at the time of the announcement of the hearing, such witness list shall be made available as soon as practicable after such announcement is made. A final witness list shall be issued by the Committee no later than 48 hours prior to the commencement of the hearing.

B. Material for the Hearing

The Chair shall provide to all Members of the Committee, as soon as practicable after the announcement of the hearing, a memorandum explaining the subject matter of the hearing and any official reports from departments and agencies on the subject matter of the hearing. Such material shall be made available to all Members of the Committee no later than 48 hours before the commencement of the hearing unless the Chair, after consultation with the Ranking Minority Member, determines that certain reports from departments or agencies should not be made available prior to the commencement of the hearing. Material provided by the Chair to all Members, whether provided prior to or at the hearing, shall be placed on the Committee website no later than 48 hours after the commencement of the hearing unless such material contains sensitive or classified information in which case such material shall be handled pursuant to Rule 15 of the Committee's Rules.

5. MEETINGS AND HEARINGS OPEN TO THE PUBLIC

A. Meetings

Each meeting of the Committee or its Subcommittees for the transaction of business, including the markup of legislation, shall be open to the public, including to radio, television, and still photography coverage, except as provided by House Rule XI, cl. 4. If the majority of Members of the Committee or Subcommittee present at the meeting, determine by a recorded vote in open session that all or part of the remainder of the meeting on that day shall be closed to

the public because the disclosure of matters to be considered would endanger national security, would compromise sensitive law enforcement information, or would tend to defame, degrade, or incriminate any person or otherwise would violate any law or rule of the House; *provided however*, that no person other than Members of the Committee, and such congressional staff and such executive branch representatives they may authorize, shall be present in any meeting which has been closed to the public.

The Chair and Ranking Minority Member are *ex officio* Members of all Subcommittees for the purpose of any meeting or hearing conducted by a Subcommittee.

B. Hearings

Each hearing conducted by the Committee or its Subcommittees shall be open to the public, including radio, television and still photography coverage. If the majority of Members of the Committee or Subcommittee present at the hearing, determine by a recorded vote in open session that all or part of the remainder of the hearing on that day shall be closed to the public because the disclosure of matters to be considered would endanger national security, would compromise sensitive law enforcement information, or would tend to defame, degrade, or incriminate any person or otherwise would violate any law or rule of the House; *provided however*, that the Committee or Subcommittee may by the same procedure also vote to close one subsequent day of hearings. Notwithstanding the requirements of the preceding sentence, a majority of those present (if the requisite number of Members are present under Committee rules for the purpose of taking testimony) may vote: (i) to close the hearing for the sole purpose of discussing whether the testimony or evidence to be received would endanger the national security, would compromise sensitive law enforcement information, or violate Rule XI, cl. 2(k)(5) of the House or (ii) to close the hearing, as provided clause 2(k)(5) of Rule XI of the House.

The Chair and Ranking Minority Member are *ex officio* Members of all Subcommittees any hearing conducted by a Subcommittee. Members of the Committee who wish to participate in a hearing of the Subcommittee to which they are not Members shall make such request to the Chair and the Ranking Minority Member of the Subcommittee at the commencement of the hearing. The Chair, after consultation with the Ranking Minority Member of the Subcommittee, shall grant such request.

No Member of the House may be excluded from non-participatory attendance at any hearing of the Committee or any Subcommittee, unless the House of Representatives shall by majority vote authorize the Committee or Subcommittees, for purposes of a particular subject of investigation, to close its hearing to Members by the same procedures designated to close hearings to the public.

Members of Congress who are not Members of the Committee but would like to participate in a hearing shall notify the Chair and the Ranking Minority Member and submit a formal request no later than 24 hours before the commencement of the meeting or hearing.

To the maximum extent practicable, the Committee shall provide audio and video coverage of each hearing or meeting for the transaction of business in a manner that allows the public to easily listen and view the proceedings and shall maintain the recordings of such coverage in a manner easily accessible to the public.

5. WITNESSES

A. Statement of Witnesses

Each witness who is to appear before the Committee or Subcommittee shall file an electronic copy of the testimony with the Committee and the Ranking Minority Member no later than 48 hours before the commencement of the hearing. In addition, the witness shall provide 75 copies of the testimony by the commencement of the hearing. The Chair may waive the requirement of the witness providing 75 copies in which case the Committee or Subcommittee shall provide the 75 copies.

Each non-governmental witness shall provide to the Committee and the Ranking Minority Member, no later than 48 hours before the commencement of the hearing, a curriculum vitae or other statement describing their education, employment, professional affiliation or other background information pertinent to their testimony.

As required by Rule XI, cl. 2(g) of the Rules of the House, each non-governmental witness before the commencement of the hearing shall file with the Chair a disclosure form detailing any contracts or grants that the witness has with the federal government.

The failure to provide the materials set forth by the deadlines set forth in these rules may be grounds for excluding both the oral and written testimony of the witness unless waived by the Chair of the Committee or Subcommittee.

The Committee will provide public access to printed materials, including the testimony of witnesses in electronic form on the Committee's website no later than 24 hours after the hearing is adjourned. Supplemental material provided after the hearing adjourns, shall be placed on the Committee website no later than 24 hours after receipt of such material.

B. Number of Witnesses and Witnesses Selected by the Minority

For any hearing conducted by the Committee or Subcommittee there shall be no more than four non-governmental witnesses of which the Ranking Minority Member of the Committee or Subcommittee (as appropriate) is entitled to select one witness for the hearing. Witnesses

selected by the Ranking Minority Member of the Committee or Subcommittee shall be invited to testify by the Chair of the Committee or Subcommittee (as appropriate). Rule 6(A) shall apply with equal force to witnesses selected by the Ranking Minority Member of the Committee or Subcommittee.

The limitations set forth in the preceding paragraph shall not apply if the Committee holds a hearing to honor the work of the small business community in conjunction with the annual celebration of Small Business Week. Witness limitations for such a hearing shall be determined by the Chair in consultation with the Ranking Minority Member.

C. Interrogation of Witnesses

Except when the Committee adopts a motion pursuant to subdivisions (B) and (C) of clause 2(i)(2) of Rule XI of the Rules of the House, Committee Members may question witnesses only when they have been recognized by the Chair for that purpose.

The Chair and Ranking Minority Member of the Committee or Subcommittee shall face no limitation on the length of the time that they may question a witness. After recognition by the Chair, other Members shall have the opportunity, as set forth in Rule XI, cl. 2 (j) of the Rules of the House, to question each witness on the panel for a period not to exceed five minutes.

For any hearing, the Chair of the Committee or Subcommittee may offer a motion to extend the questioning of a witness or witnesses by Members other than the Chair or Ranking Minority Member identified in the motion for more than five minutes as set forth in Rule XI, cl. 2(j)(B).

The Chair of the Committee or Subcommittee shall commence questioning followed by the Ranking Minority Member. Thereafter, questioning shall alternate between the majority and minority Members by the time in which the Member arrived at the hearing after the gavel has been struck to commence the hearing, with the first arriving having priority over Members of his or her party. If Members arrive simultaneously or are there prior to the gavel being struck to commence the hearing, order of questioning shall be based on seniority.

In recognizing Members to question witnesses, the Chair may take into consideration the ratio of majority and minority Members present in such a manner as to not disadvantage the Members of either party.

6. SUBPOENAS

A subpoena may be authorized and issued by the Committee in the conduct of any investigation or series of investigations or activities to require the attendance and testimony of such witness and the production of such books, records, correspondence, memoranda, papers and document, as deemed necessary. Such subpoena shall be authorized by a majority of the full Committee. The requirement that the authorization of a subpoena require a majority vote may be

waived by the Ranking Member of the Committee. The Chair may issue a subpoena, in consultation with the Ranking Minority Member, when the House is out for session for more than three legislative days.

7. QUORUM

A quorum, for purposes of reporting a measure or recommendation, shall be a majority of the Committee Members. For purposes of taking testimony or receiving evidence, a quorum shall be one Member from the Majority and one Member from the Minority. The Chair of the Committee or Subcommittee shall exercise reasonable comity by waiting for the Ranking Minority Member even if a quorum is present before striking the gavel to commence the hearing. For hearings held by the Committee or a Subcommittee in a location other than the Committee's hearing room in Washington, DC, a quorum shall be deemed to present if the Chair of the Committee or Subcommittee is present.

8. AMENDMENTS DURING MARK-UP

Any amendment offered to any pending legislation before the Committee must be made available in written form by any Member of the Committee. If such amendment is not available in written form when requested, the Chair shall allow an appropriate period for the provision thereof. Such period shall not prejudice the offering of such amendment.

For amendments to be accepted during mark-up, there is no requirement that the amendments be filed prior to commencement of the mark-up or prepared with the assistance of the Office of Legislative Counsel. Even though it is not necessary, Members seeking to amend legislation during mark-up should draft amendments with the assistance of the Office of Legislative Counsel and consult with the Chair or Ranking Member's staff (as appropriate) in the preparation of such amendments.

9. POSTPONEMENT OF PROCEEDINGS

The Chair in consultation with the Ranking Minority Member may postpone further proceedings when a record vote is ordered on the question of approving any measure or matter or adopting an amendment. The Chair may resume postponed proceedings, but no later than 24 hours after such postponement, unless the House is not in session or there are conflicts with Member schedules that make it unlikely a quorum will be present to conduct business on the postponed proceeding. In such cases, the Chair will consult with Members to set a time as early as possible to resume proceedings but in no event later than the next meeting date as set forth in Rule 3 of these Rules. When proceedings resume on a postponed question, notwithstanding any intervening order for the previous question, an underlying proposition shall remain subject to further debate or amendment to the same extent as when the question was postponed.

10. NUMBER AND JURISDICTION OF SUBCOMMITTEES

There will be five Subcommittees as follows:

The Subcommittee on Agriculture, Energy and Trade

This Subcommittee (which will consist of seven (7) Republican Members and five (5) Democratic Members) will address policies that enhance rural economic growth, increasing America's energy independence and ensuring that America's small businesses can compete effectively in a global marketplace.

- Oversight of agricultural policies.
- Oversight of environmental issues and regulations (including agencies such as the Environmental Protection Agency and the Army Corps of Engineers).
- Oversight of energy issues, including expansion of domestic resources whether they are renewable or non-renewable.
- Oversight of international trade policy with particular emphasis on agencies that provide direct assistance to small businesses, such as: the Small Business Administration's (SBA) Office of International Trade, the Department of Commerce's United States Export Assistance Centers, the Department of Agriculture's Foreign Agricultural Service, and the Export-Import Bank.
- Oversight of infringement of intellectual property rights by foreign competition.

The Subcommittee on Healthcare and Technology

This Subcommittee (which will consist of eight (8) Republican Members and five (5) Democratic Members) will address how healthcare policies may inhibit or promote economic growth and job creation by small businesses. In addition, the Subcommittee will examine small business job growth through the creation and adoption of advanced technologies.

- Oversight of the implementation of the Patient Protection and Affordable Care Act.
- Oversight of availability and affordability of healthcare coverage for small businesses.
- Oversight of general technology issues, including intellectual property policy in the United States.
- Oversight of United States telecommunications policies including, but not limited to, the National Broadband Plan and allocation of electromagnetic spectrum.
- The Small Business Innovation Research Program.

- Small Business Technology Transfer Program.

The Subcommittee on Economic Growth, Tax and Capital Access

This Subcommittee (which will consist of seven (7) Republican Members and five (5) Democratic Members) will evaluate the operation of the financial markets in the United States and their ability to provide needed capital to small businesses. In addition, the Subcommittee will review federal programs, especially those overseen by the SBA, aimed at assisting entrepreneurs in obtaining needed capital. Since the tax policy plays an integral role in access to capital, this Committee also will examine the impact of federal tax policies on small businesses.

- Oversight of capital access and financial markets.
- Implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act.
- SBA financial assistance programs, including guaranteed loans, microloans, certified development company loans, and small business investment companies.
- Oversight of the Department of Agriculture Business and Industry Guaranteed Loan program.
- Oversight of general tax policy affecting small businesses.
- The management of the SBA disaster loan program.

The Subcommittee on Investigations, Oversight and Regulations

This Subcommittee (which will consist of seven (7) Republican Members and five (5) Democratic Members) will probe the efficient operation of government programs that affect small businesses, including the SBA, and develop proposals to make them operate in a more cost-effective manner. This Subcommittee also will review the regulatory burdens imposed on small businesses and how those burdens may be alleviated.

- Oversight of general issues affecting small businesses and federal agencies.
- Oversight of the management of the SBA.
- Oversight of the SBA Inspector General.
- Implementation of the Regulatory Flexibility Act.
- Oversight of the Office of Information and Regulatory Affairs at the Office of Management and Budget.
- Use of the Congressional Review Act.

- Transparency of the federal rulemaking process as required by the Administrative Procedure and Data Quality Acts.
- Implementation of the Paperwork Reduction Act.

The Subcommittee on Contracting and Workforce

This Subcommittee (which will consist of seven (7) Republican Members and five (5) Democratic Members) will assess the federal procurement system, including those programs designed specifically to enhance participation by small businesses in providing goods and services to the federal government. The Subcommittee will examine various programs designed to provide technical assistance to small businesses, whether specifically aimed at federal contractors or small businesses in general. Finally, the Subcommittee will review the broad scope of workforce issues that affect the ability of small businesses to obtain and maintain qualified employees.

- Oversight of government-wide procurement practices and programs affecting small businesses.
- Oversight of federal procurement policies that inhibit or expand participation by small businesses in the federal contracting marketplace.
- All contracting programs established by the Small Business Act, including HUBZone, 8(a), Women-, and Service Disabled Veteran-Owned Small Business Programs.
- Technical assistance provided to federal contractors and perspective contractors through SBA personnel, Offices of Small and Disadvantaged Business Utilization, and Procurement Technical Assistance Centers.
- The SBA Surety Bond guarantee program.
- Oversight of all federal policies that affect the workforce including, but not limited to, the roles of the Department of Labor and the National Labor Relations Board.
- SBA entrepreneurial development and technical assistance programs unrelated to participation in the federal government contracting.

11. POWERS AND DUTIES OF SUBCOMMITTEES

Each Subcommittee is authorized to meet, hold hearings, receive evidence, and report to the Committee on any matters referred to it. Prior to the scheduling of any meeting or hearing of a Subcommittee, the Chair of the Subcommittee shall obtain the approval of the Chair of the Committee.

No hearing or meeting of a Subcommittee shall take place at the same time as the meeting or hearing of the full Committee or another Subcommittee, *provided however*, that the Subcommittee Chairs may hold field hearings that conflict with those held by other Subcommittees of the Committee.

13. COMMITTEE STAFF

A. Majority Staff

The employees of the Committee, except those assigned to the Minority as provided below, shall be appointed and assigned, and may be removed by, the Chair of the Committee. The Chair shall fix their remuneration and they shall be under the general supervision and direction of the Chair.

B. Minority Staff

The employees of the Committee assigned to the Minority shall be appointed and assigned, and their remuneration determined, as the Ranking Minority Member of the Committee shall determine.

C. Subcommittee Staff

There shall be no separate staff assigned to Subcommittees. The Chair and Ranking Member shall endeavor to ensure that sufficient committee staff is made available in order that each Subcommittee may carry out the responsibilities set forth in Rule 11, *supra*.

14. RECORDS

The Committee shall keep a complete record of all actions, which shall include a record of the votes on any question on which a recorded vote is demanded. The result of any vote by the Committee, or if applicable by a Subcommittee, included a voice vote shall be posted on the Committee's website within 24 hours after the vote has been taken. Such record shall include a description of the amendment, motion, order, or other proposition, the name of the Member voting for and against such amendment, motion, order, or other proposition, and the names of Members present but not voting. For any amendment, motion, order, or other proposition decided by voice vote, the record shall include a description and whether the voice vote was in favor or against.

The Committee shall keep a complete record of all Committee and Subcommittee activity which, in the case of a meeting or hearing transcript shall include a substantially verbatim account of the remarks actually made during the proceedings subject only to technical, grammatical, and typographical corrections authorized by the person making the remarks.

The records of the Committee at the National Archives and Records Administration shall be made available in accordance with Rule VII of the Rules of the House. The Chair of the Committee shall notify the Ranking Member of the Committee of any decision, pursuant to Rule VII, cl. 3(b)(3) or cl. 4 (b), to withhold a record otherwise available, and the matter shall be presented to the Committee for a determination of the written request of any Member of the Committee.

The Committee Rules shall be made publicly available in electronic form and published in the Congressional Record not later than 30 days after the Chair of the Committee is elected in each odd-numbered year.

15. ACCESS TO CLASSIFIED OR SENSITIVE INFORMATION

Access to classified or sensitive information supplied to the Committee or Subcommittees and attendance at closed sessions of the Committee or a Subcommittee shall be limited to Members and necessary Committee staff and stenographic reporters who have appropriate security clearance when the Chair determines that such access or attendance is essential to the functioning of the Committee or one of its Subcommittees.

The procedures to be followed in granting access to those hearings, records, data, charts, and files of the Committee which involve classified information or information deemed to be sensitive shall be as follows:

(A) Only Members of the House of Representatives and specifically designated Committee staff of the Committee on Small Business may have access to such information.

(B) Members who desire to read materials that are in possession of the Committee shall notify the Clerk of the Committee in writing.

(C) The Clerk of the Committee will maintain an accurate access log, which identifies the circumstances surrounding access to the information, without revealing the material examined.

(D) If the material desired to be reviewed is material which the Committee or Subcommittee deems to be sensitive enough to require special handling, before receiving access to such information, individuals will be required to sign an access information sheet acknowledging such access and that the individual has read and understands the procedures under which access is being granted.

(E) Material provided for review under this rule shall not be removed from a specified room within the Committee offices.

(F) Individuals reviewing materials under this rule shall make certain that the materials are returned to the proper custodian.

(G) No reproductions or recordings may be made of any portion of such materials.

(H) The contents of such information shall not be divulged to any person in any way, form, shape, or manner and shall not be discussed with any person who has not received the information in the manner authorized by the rules of the Committee.

(I) When not being examined in the manner described herein, such information will be kept in secure safes or locked file cabinets within the Committee offices.

(J) These procedures only address access to information the Committee or Subcommittee deems to be sensitive enough to require special treatment.

(K) If a Member of the House of Representatives believes that certain sensitive information should not be restricted as to dissemination or use, the Member may petition the Committee or Subcommittee to so rule. With respect to information and materials provided to the Committee by the Executive Branch or an independent agency as that term is defined in 44 U.S.C. § 3502, the classification of information and materials as determined by the Executive Branch or independent agency shall prevail unless affirmatively changed by the Committee or Subcommittee involved, after consultation with the Executive Branch or independent agency.

(L) Other materials in the possession of the Committee are to be handled in the accordance with normal practices and traditions of the Committee.

16. OTHER PROCEDURES

The Chair of the Committee may establish such other procedures and take such actions as may be necessary to carry out the foregoing rules or to facilitate the effective operation of the Committee.

17. AMENDMENTS TO COMMITTEE RULES

The rules of the Committee may be modified, amended or repealed by a majority vote of the Members, at a meeting specifically called for such purpose, but only if written notice of the proposed change or changes has been provided to each Member of the Committee at least 72 hours prior to the time of the meeting of the Committee to consider such change or changes.

18. BUDGET AND TRAVEL

From the amount provided to the Committee in the primary expense resolution adopted by the House of Representatives in the 112th Congress, the Chair, after consultation with the

Ranking Minority Member, shall designate one-third of the budget under the direction of the Ranking Minority Member for the purposes of minority staff, travel expenses of minority staff and Members, and minority office expenses.

The Chair may authorize travel in connection with activities or subject matters under the legislative or oversight jurisdiction of the Committee as set forth in Rule X of the Rules of the House.

The Ranking Minority Member may authorize travel for any Minority Member or staff of the minority in connection with activities or subject matters under the Committee's jurisdiction as set forth in Rule X of the Rules of the House. Before such travel, there shall be submitted to the Chair of the Committee in writing the following at least seven (7) calendar days prior specifying: a) the purpose of the travel; b) the dates during which the travel is to occur; c) the names of the states or countries to be visited and the length of time spent in each; and d) the names of Members and staff of the Committee participating in such travel. Prior approval shall not be required of Minority Staff traveling to participate in a deposition, authorized by the Chair in rule 16 of these Rules of an individual located outside of Washington, DC metropolitan area.

19. COMMITTEE WEBSITE

The Chair shall maintain an official Committee website for the purpose of furthering the Committee's legislative and oversight responsibilities, including communicating information about Committee's activities to Committee Members and other Members of the House. The Ranking Minority Member may maintain a similar website for the same purpose, including communicating information about the activities of the Minority to Committee Members and other Members of the House.

20. VICE CHAIR

Pursuant to the Rules of the House, the Chair shall designate a Member of the Majority to serve as Vice Chair of the Committee. The Vice Chair shall preside at any meeting or hearing during the temporary absence of the Chair. The Chair also reserves the right to designate a Member of the Committee Majority to serve as the Chair at a hearing or meeting.

MEMBERSHIP AND ORGANIZATION OF THE COMMITTEE ON SMALL BUSINESS ONE HUNDRED AND TWELFTH CONGRESS

Full Committee

Rep. Sam Graves (MO-6), Chairman
Rep. Roscoe G. Bartlett (MD-6)
Rep. Steve Chabot (OH-1)
Rep. Steve King (IA-5)
Rep. Mike Coffman (CO-6)
Rep. Mick Mulvaney (SC-5)
Rep. Scott R. Tipton (CO-3)
Rep. Charles J. Fleischmann (TN-3)
Rep. Jeffrey M. Landry (LA-3)
Rep. Jaime Herrera Beutler (WA-3)
Rep. Allen B. West (FL-22)
Rep. Renee L. Ellmers (NC-2)
Rep. Joe Walsh (IL-8)
Rep. Lou Barletta (PA-11)
Rep. Richard Hanna (NY-24)

Rep. Nydia M. Velázquez (NY-12), Ranking Member
Rep. Kurt Schrader (OR-5)
Rep. Mark S. Critz (PA-12)
Rep. Jason Altmire, (PA-4)
Rep. Yvette D. Clarke (NY-11)
Rep. Judy Chu (CA-32)
Rep. David N. Cicilline (RI-1)
Rep. Cedric Richmond (LA-2)
Rep. Gary C. Peters (MI-9)
Rep. William L. Owens (NY-23)
Rep. William R. Keating (MA-10)

Subcommittee on Agriculture, Energy and Trade

Rep. Scott R. Tipton (CO-3), Chairman
Rep. Roscoe G. Bartlett (MD-6)
Rep. Steve King (IA-5)
Rep. Charles J. Fleischmann (TN-3)
Rep. Jeffrey M. Landry (LA-3)
Rep. Renee L. Ellmers (NC-2)
Rep. Lou Barletta (PA-11)

Rep. Mark S. Critz (PA-12), Ranking Member
Rep. David Cicilline (RI-1)
Rep. William R. Keating (MA-10)
Rep. Judy Chu (CA-32)
VACANT

Subcommittee on Healthcare and Technology

Rep. Renee L. Ellmers (NC-2), Chairman
Rep.Steve King (IA-5)
Rep. Mick Mulvaney (SC-5)
Rep. Scott R. Tipton (CO-3)
Rep. Charles J. Fleischmann (TN-3)
Rep. Jaime Herrera Beutler (WA-3)
Rep. Joe Walsh (IL-8)
Rep. Richard Hanna (NY-24)

Rep. Cedric Richmond (LA-2), Ranking Member
Rep. Jason Altmire (PA-4)
Rep. Gary C. Peters (MI-9)
VACANT
VACANT

Subcommittee on Economic Growth, Tax and Capital Access

Rep. Joe Walsh (IL-8), Chairman
Rep. Steve Chabot (OH-1)
Rep. Steve King (IA-5)
Rep. Mike Coffman (CO-6)
Rep. Mick Mulvaney (SC-5)
Rep. Charles J. Fleischmann (TN-3)
Rep. Richard Hanna (NY-24)

Rep. Kurt Schrader (OR-5), Ranking Member
Rep.Yvette D. Clarke (NY-11)
Rep. David Cicilline (RI-1)
Rep. Judy Chu (CA-32)
Rep. Gary C. Peters (MI-9)

Subcommittee on Investigations, Oversight and Regulations

Rep. Mike Coffman (CO-6), Chairman
Rep.Scott Tipton (CO-3)
Rep. Jaime Herrera Beutler (WA-3)
Rep. Allen B. West (FL-22)
Rep. Joe Walsh (IL-8)
Rep. Jeffrey M. Landry (LA-3)
Rep. Richard Hanna (NY-24)

Rep. Jason Altmire (PA-4), Ranking Member
Rep. Kurt Schrader (OR-5)
VACANT
VACANT
VACANT

Subcommittee on Contracting and Workforce

Rep. Mick Mulvaney (SC-5), Chairman
Rep. Steve King (IA-5)
Rep. Mike Coffman (CO-6)
Rep. Alan B. West (FL-22)
Rep. Jeffrey M. Landry (LA-3)
Rep. Renee L. Ellmers (NC-2)
Rep. Lou Barletta (PA-11)

Rep. Judy Chu (CA-32), Ranking Member
Rep. Kurt Schrader (OR-5)
Rep. Mark S. Critz (PA-12)
Rep. Yvette D. Clarke (NY-11)
Rep. Cedric Richmond (LA-2)

LEGISLATIVE ACTIVITIES

Clause 1(d) of rule XI of the Rules of the House of Representatives requires that not later than the 30th day after June 1, a committee shall submit to the House a semiannual report on the activities of that committee, including a separate section summarizing the legislative activities of that committee.

AN ACT TO PROVIDE FOR AN ADDITIONAL TEMPORARY EXTENSION OF PROGRAMS UNDER THE SMALL BUSINESS ACT AND THE SMALL BUSINESS INVESTMENT ACT OF 1958 THROUGH MAY 31, 2011, AND FOR OTHER PURPOSES

(H.R. 366)

Summary

H.R. 366 extended the programs authorized under the Small Business Act and the Small Business Investment Act of 1958 through May 31, 2011.

Legislative History

Chairman Sam Graves introduced H.R. 366 on January 20, 2011. The bill was referred to the Committee on Small Business.

On January 25, 2011, the House considered H.R. 336 under suspension of the rules. At the conclusion of debate, the measure passed by voice vote. On the same day, H.R. 366 was received in the Senate. On January 26, 2011, the Senate passed H.R. 366 by unanimous consent. On January 31, 2011, the President signed the bill, and it became Public Law 112-1.

AN ACT TO PROVIDE FOR AN ADDITIONAL TEMPORARY EXTENSION OF PROGRAMS UNDER THE SMALL BUSINESS ACT AND THE SMALL BUSINESS INVESTMENT ACT OF 1958 THROUGH MAY 31, 2012, AND FOR OTHER PURPOSES

(S. 990)

Summary

S. 990 extended the programs authorized under the Small Business Act and the Small Business Investment Act of 1958 through May 31, 2012.

Legislative History

Senator Mary Landrieu introduced S. 990 on May 12, 2011, and the bill was placed on Senate Legislative Calendar and read the first time. On May 16, 2011, the legislation was read

the second time and placed on Senate Legislative Calendar under General Orders, Calendar No. 51. On May 19, 2011, Senator Durbin offered an amendment in the nature of a substitute for Senator Landrieu. This amendment extended the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs through May 31, 2012. Additionally, it extended all other programs under the Small Business Act and the Small Business Investment Act of 1958 that necessitated an extension until June 30, 2011. The Senate passed S. 990 via unanimous consent on May 19, 2011.

On May 24, 2011, Chairman Graves moved to suspend the rules and pass S. 990, as amended. Chairman Graves amended the legislation to provide for an additional temporary extension of the programs under the Small Business Act and the Small Business Investment Act of 1958 through September 30, 2011. The House passed S. 990, as amended, on May 24, 2011, via voice vote.

On the same day, Senator Reid offered a perfecting amendment to S. 990 in the Senate. The perfecting amendment stripped all of the text of S. 990 and inserted certain extensions relating to the Patriot Act. The Senate passed S.990 by a recorded vote of 72-23, on May 26, 2011. The House also passed S. 990 on May 26, 2011 by a recorded vote of 250-153. On May 26, 2011, the President signed the legislation and it became Public Law 112-14.

AN ACT TO PROVIDE FOR AN ADDITIONAL TEMPORARY EXTENSION OF PROGRAMS UNDER THE SMALL BUSINESS ACT AND THE SMALL BUSINESS INVESTMENT ACT OF 1958 THROUGH MAY 31, 2012, AND FOR OTHER PURPOSES

(S. 1082)

Summary

S. 1082 extends the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs through September 30, 2011. Additionally, it extends all other programs under the Small Business Act and the Small Business Investment Act of 1958 that necessitated an extension until July 31, 2011.

Legislative History

Senator Landrieu introduced and the Senate passed S. 1082 via unanimous consent on May 26, 2011. The House passed the legislation, under suspension of the rules, by a recorded vote of 387-33, on May 31, 2011. On June 1, 2011, the President signed the legislation, and it became Public Law 112-17.

THE CREATING JOBS THROUGH SMALL BUSINESS INNOVATION ACT OF 2011

(H.R. 1425)

Summary

H.R. 1425, the "Creating Jobs Through Small Business Innovation Act of 2011," modernizes and reauthorizes the Small Business Innovation Research (SBIR) and the Small Business Technology Transfer (STTR) programs through September 30, 2014. The legislative goal of the bill is to strengthen these programs, ensure efficient use of taxpayer dollars, utilize the best science offered by small firms, use existing federal funds to help small firms commercialize technology, and create jobs.

The bill, among other things, would encourage greater commercialization success, a primary objective of the programs, by instituting commercialization initiatives at federal agencies that administer SBIR programs. The legislation also increases Phase I and Phase II award sizes for both programs, shortens the time frame between application and notice of award, and reduces the time between award and dispersal of funds. H.R. 1425 also allows for greater participation of small companies regardless of their financial structure. It codifies in statute the programmatic flexibility that federal agencies need in order to administer SBIR awards in a manner that is most consistent with the agency's specific mission. The bill reduces the programs' risk of waste, fraud, and abuse by requiring the Small Business Administration to develop preventive measures and requiring the Inspector General of each participating agency to establish fraud detection measures and share best practices. The bill permits agencies to use three percent of their SBIR and STTR budget for administrative, oversight, and contract processing costs. Finally, the bill continues the current 2.5 percent set aside of existing federal extramural research dollars for the SBIR and STTR programs.

Legislative History

Representative Renee Ellmers introduced H.R. 1425 on April 7, 2011. Original cosponsors include Representative Sam Graves, Chairman of the Committee on Small Business; Representative Ralph Hall, Chairman of the House Committee on Science, Space and Technology; Representative Eddie Bernice Johnson, Ranking Member of the Committee on Science, Space and Technology; Representative Ben Quayle, Chairman of the Subcommittee on Technology and Innovation of the Committee on Science, Space and Technology; Representative David Wu, Ranking Member of the Subcommittee on Technology and Innovation of the Committee on Space, Science and Technology; Representative Cedric Richmond, Ranking Member of the Subcommittee on Healthcare and Technology of the Committee on Small Business; and Representative Jason Altmire.

The Subcommittee on Healthcare and Technology held a hearing on H.R. 1425 on April 7, 2011, and heard various small businesses' views on the legislation.

The Committee on Small business met in open session on May 11, 2011 and ordered H.R. 1425, as amended, reported favorably to the House by a voice vote.

THE REGULATORY FLEXIBILITY IMPROVEMENTS ACT OF 2011

(H.R. 527)

Summary

H.R. 527 amends the Regulatory Flexibility Act (RFA) of 1980, as amended by the Small Business Regulatory Enforcement Fairness Act, a law that requires federal agencies to consider the economic impact of the rules they propose on small entities. This legislation would strengthen the RFA by: expanding its requirements to agencies not currently covered; requiring more detailed analyses of regulatory impact; providing new authorities to the Chief Counsel for Advocacy; enhancing the participation of small businesses in the rulemaking process; strengthening the requirement for periodic review of regulations; and improving the ability of small businesses to challenge compliance with the RFA.

Legislative History

Representative Lamar Smith, Chairman of the Committee on the Judiciary, introduced H.R. 527, on February 8, 2011. Original cosponsors include Representative Sam Graves, Chairman of the Committee on Small Business, and Representative Howard Coble, Chairman of the Subcommittee on Courts, Commercial and Administrative Law of the Committee on the Judiciary. The bill was referred to the Committee on Judiciary and the Committee on Small Business, for a period to be determined by the Speaker.

On March 30, 2011, the Committee on Small Business held a hearing entitled "Reducing Federal Agency Overreach: Modernizing the Regulatory Flexibility Act" to provide an overview of the RFA to Committee members. Subsequently, the Committee held a hearing on H.R. 527 and H.R. 585, to discuss the merits of those bills on June 15, 2011.

THE SMALL BUSINESS SIZE STANDARD FLEXIBILITY ACT OF 2011

(H.R. 585)

Summary

H.R. 585 amends the Small Business Act to authorize the Chief Counsel for Advocacy of the Small Business Administration to determine size standards for purposes of statutes other than the Small Business Act and Small Business Investment Act of 1958. This ensures that decisions made by the Chief Counsel under the RFA are consistent with an agency's determination of any exemptions or other special treatment of small business.

Legislative History

Representative Sam Graves, Chairman of the Committee on Small Business introduced H.R. 585, on February 9, 2011. Representative Lamar Smith, Chairman of the Committee on the Judiciary is an original cosponsor. The bill was referred to the Committee on Small Business.

On June 15, 2011, the Committee held a hearing on H.R. 585.

OVERSIGHT SUMMARY

Clause 1(d) of rule XI of the Rules of the House of Representatives requires that not later than the 30th day after June 1, a committee shall submit to the House a semiannual report on the activities of that committee, including a separate section summarizing the oversight activities of that committee. The report shall also include a delineation of any hearings held pursuant to clauses 2(n), (o), or (p) of rule XI, related to waste, fraud, and abuse in government programs.

Part A of this section describes the hearings held in full committee. Part B of this section describes the hearings held in the subcommittees. Part C of this section describes the hearings that relate to the requirements of clauses 2(n), (o), or (p) of rule XI.

PART A

FULL COMMITTEE HEARINGS

TAX PROVISIONS UNDER HEALTH CARE REFORM

On February 9, 2011, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for the purpose of receiving testimony on "Buried in Paperwork – A 1099 Update." The hearing focused on the health care law's expanded 1099 reporting mandate, which will require businesses to file a 1099 form for virtually every business-to-business transaction of $600 or more in property and services.

The witness for the first panel was The Hon. Daniel E. Lungren (R-CA). The witnesses for the second panel were: R. Jerol Kivett, President, Kivett's Inc., Clinton, NC, testifying on behalf of the National Federation of Independent Business; John "Mark" Eagleton, Managing Member, Eagleton Ventures, LLC, Golden, CO, testifying on behalf of the National Restaurant Association; Seth Shipley, Owner, Shipley's Fine Jewelry, Hampstead, MD, testifying on behalf of the National Retail Federation; and Mike Kegley, President, B.O.L.D. Homes, Inc., Union KY, testifying on behalf of the National Association of Home Builders.

At the hearing, House Administration Committee Chairman Dan Lungren testified about H.R. 4, his bipartisan legislation to repeal Section 9006 of the health care law. Chairman Lungren said the expanded reporting requirement "conveys the worst possible message to the small business community [and] reflects a disconnect with the day to day reality faced by men and women involved with companies in each and every one of our districts." All of the small business owners testified that the 1099 mandate will impose a substantial and costly paperwork burden.

At the hearing's close, Chairman Graves said he would send a letter to the Chairman and Ranking Member of the House Committee on Ways and Means urging the Committee to consider the burdens on small businesses as they move H.R. 4 and other legislation to relieve job destroying tax and regulatory burdens through the Committee.

THE STATE OF THE U.S. ECONOMY FOR SMALL BUSINESS

On February 16, 2011, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for the purpose of receiving testimony on the state of the small business economy. The hearing, entitled "Putting Americans Back to Work: The State of the Small Business Economy," focused on examining obstacles to small business job creation and economic growth and identifying specific tax, regulatory and health care policies that inhibit job creation and economic growth.

The witnesses for the hearing were: William Phelan, President and Co-Founder, PayNet, Inc., Skokie, IL; Terry Frank, Owner, Nature's Marketplace, Oak Ridge, TN; Dixie Kolditz, Owner, Open-Box Creations, Cathlament, WA; and Bill Feinberg, President of Allied Kitchen and Bath, Ft. Lauderdale, FL, testifying on behalf of the U.S. Chamber of Commerce.

Mr. Phelan began the testimony stating that while there has been a thaw in the extension of credit to small businesses, there are several negative factors that are continuing to inhibit access to credit. Ms. Frank stated that the federal tax burden has become too difficult to navigate by herself and suggested the best way to raise tax revenue is to make the process easier to comply with and lower the burden so that small business owners could reinvest that money back onto their businesses. Ms. Kolditz focused her testimony on importing and exporting regulations citing specific examples of new regulations that are costing her significant amounts of money and preventing her from expanding her business. Finally, while Mr. Feinberg stated that offering health care was imperative to recruiting and retaining the best employees, he expressed concern that the new Patient Protection and Affordable Care Act could impose significant regulatory and penalty burdens on his business. These additional burdens make him doubt he will be able to expand his business to as large as he feels it could be.

THE SMALL BUSINESS ADMINISTRATION FY 2012 BUDGET

On March 2, 2011, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for the purpose of receiving testimony from the Hon. Karen Mills, Administrator, United States Small Business Administration, Washington, DC on the President's proposed budget for the Small Business Administration (SBA) and the programs authorized by the Small Business Act and Small Business Investment Act. The hearing, logically enough, was entitled "The Small Business Administration FY 2012 Budget."

The Administrator commenced her testimony by noting that the agency focuses its mission on providing small businesses with capital, contracts, and counseling. The Administrator noted the number of small businesses assisted by the agency. However, she recognized the current fiscal situation will require a reduction in the budget. The Administrator recommended a number of minor programs for elimination.

The Committee used her testimony in preparing its views and estimates on the President's Budget for the SBA. Those views and estimates were adopted by the Committee on March 15, 2011.

FEDERAL RESEARCH AND DEVELOPMENT GRANTS FOR SMALL BUSINESSES
THE SBIR PROGRAM

On March 16, 2011, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for the purpose of receiving testimony on the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs. The hearing, entitled "Spurring Innovation and Job Creation: The SBIR Program," focused on the benefits of the SBIR and STTR programs.

The witnesses for the hearing were: Tom Tullie, Chief Executive Officer, President and Chairman of EcoATM San Diego, CA; Dr. David Audretsch, Indiana University Bloomington, IN; Dr. Mike Squillante, Vice President of Radiation Monitoring Devices, Inc. Watertown, MA, testifying on behalf of the Small Business Technology Council; and Amy Comstock Rick, Chief Executive Officer, Parkinson's Action Network, Washington DC.

Mr. Tullie began the testimony stating that in EcoATM's critical second year, they received an SBIR Phase I award that directly funded the development of the beginning technology they would later deploy in their handheld electronic automated recycling devices. Dr. Audretsch commented on his role in the National Research Council's *An Assessment of the Small Business Innovation Research Program* study that is widely recognized as one of the most comprehensive examinations of the SBIR program since its inception. Dr. Squillante provided an extensive overview of the SBIR program and offered suggestions as to how to improve it. Finally, Ms. Comstock Rick noted the large role the SBIR program plays in research for diseases such as Parkinson's Disease—especially because of the relatively few sufferers leads to less private funding due to a smaller potential market.

FEDERAL REGULATORY OVERREACH AND COMPLIANCE WITH THE REGULATORY FLEXIBILITY ACT

On March 30, 2011, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for the purpose of receiving testimony on the Regulatory Flexibility Act (RFA). The hearing, titled "Reducing Federal Agency Overreach: Modernizing the Regulatory Flexibility" focused on introducing the concepts of the RFA to members of the Committee, showing them how the Act helps reduce regulatory burdens on small business, and explaining its weaknesses.

The witnesses for the hearing were: Bill Squires, Esq., Senior Vice President and General Counsel, Blackfoot Telecommunications Group, Missoula, MT, testifying on behalf of the National Telephone Cooperative Association; David Frulla, Esq., Partner, KelleyDrye, Washington, DC; Craig Fabian, Vice President of Regulatory Affairs and Assistant General Counsel, Aeronautical Repair Station Association, Alexandria, VA; and Rich Draper, Chief Executive Officer, The Ice Cream Club, Inc., Boynton Beach, FL, testifying on behalf of the International Dairy Foods Association.

Mr. Squires testified that the Federal Communications Commission frequently fails to comply with the RFA by treating small firms, such as Blackfoot, no differently than the largest telecommunications providers in the United States. Mr. Frulla noted that the RFA and the Office of Advocacy have proven valuable in reducing regulatory burdens on small businesses but needs to be overhauled. Mr. Fabian discussed litigation by the Aeronautical Repair Station Association challenging agency compliance with the RFA and the length of time it took the agency to comply with the court order mandating such compliance. Mr. Draper testified that small businesses, like his own, had significant difficulty dealing with regulatory creep and the cumulative effect of disparate agency regulations.

Mr. Graves noted that the hearing would be part of the Committee's record as it considers modifications that strengthen the RFA.

FREE TRADE AGREEMENTS AND SMALL BUSINESS EXPORTS

On April 6, 2011, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for the purpose of receiving testimony on "Help Wanted: How Passing Free Trade Agreements Will Help Small Businesses Create New Jobs." The hearing focused on the benefits and importance of passing the pending free trade agreements to small businesses. Lowering trade barriers will spur small business exports, which will then lead to job creation and long-term economic growth.

The witnesses included: Bill Patterson, Founder and Chief Engineer, TEI Rock Drills, Montrose, CO; Phillip Wise, Owner and Operator, Wise Family Farm, Harris, MO, testifying on

behalf of the National Pork Producers Council; Trevor Myers, CEO, Cloyes Gear & Products, Inc., Fort Smith, AR, testifying on behalf of the Motor & Equipment Manufacturers Association; and Jason Speer, Vice President, Quality Float Works, Inc., Schaumburg, IL, testifying on behalf of the U.S. Chamber of Commerce.

At the hearing, four small businesses testified on the importance of passing the pending free trade agreements with Panama, Colombia, and Korea and their ability to compete globally, export more products and create more U.S. jobs. Jason Speer from Quality Float Works stated, "With the passage of the three pending trade agreements, our company and more than 250,000 small and medium-sized companies like ours will have the opportunity to gain market share and provide more jobs." All small business owners testified that failing to pass the three pending free trade agreements would put their small business at a competitive disadvantage with nations who have trade agreements in place.

At the hearing's close, Chairman Graves said he would continue to spotlight the importance of passing the free trade agreements to small businesses, and he encouraged the Administration and Congress to pass all three agreements by July 1, 2011.

REFORMING AND SIMPLIFYING THE U.S. TAX CODE

On April 13, 2011, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for the purpose of receiving testimony on "How Tax Complexity Hinders Small Business Job Creation and Economic Growth." The hearing focused on the complexity of the current tax code, the difficulty entrepreneurs have complying with it, and the resulting effect on hiring and expansion.

The witnesses were Nina E. Olson, the National Taxpayer Advocate, Washington, DC; Steven J. Strobel, Executive Vice President and Chief Financial Officer, BlueStar Energy Solutions, Chicago, IL, testifying on behalf of the National Small Business Association; Robert Kulp, Founder, Kulp's of Stratford, Stratford, WI, testifying on behalf of the National Roofing Contractors Association; and Monty W. Walker, CPA, Principal, Walker Business Advisory Services, Wichita Falls, TX.

The witnesses agreed that tax complexity has a direct impact on small business viability and job growth. In her testimony, Nina Olson testified that "it is essential that the tax system does not present an unnecessary hurdle to the success of these already fragile operations. In addition, because a substantial portion of businesses are pass- through entities, a real reduction in complexity will not occur unless individual *and* corporate tax reform occurs at the same time." Mr. Walker testified that understanding tax matters is confusing and tax compliance comes at a cost. This results in lost resources that could have been used for business operations and business development. Mr. Walker also said that because of tax complexity, some business owners decide to stay small and not expand. Mr. Strobel encouraged Congress to simplify the

tax code, broaden the base and lower all individual and corporate tax rates. He said these reforms will create a surge in economic growth.

At the hearing's close, Chairman Graves said he plans to send a letter to the Chairman and Ranking Member of the House Committee on Ways and Means urging them to enact common sense tax reform that will enable our nation's small businesses to create jobs and spur growth in our economy.

POLITICAL DISCLOSURE IN FEDERAL CONTRACTING

On May 12, 2011, the Committee on Small Business and Committee on Oversight and Government Reform met in Room 2154 of the Rayburn House Office Building to receive testimony on the April 13, 2011 draft Executive Order (EO) entitled, "Disclosure of Political Spending by Government Contractors." The EO directs agencies to require contractors to disclose political expenditures and contributions, including those to third parties, made within two years of all proposal submissions in an official contracting certifications, and to certify their acknowledgement that full disclosure of this information is a precondition to contract award.

The first panel witness was the Hon. Daniel Gordon, Administrator, Office of Federal Procurement Policy. The second panel consisted of Alan Chvotkin, Executive Vice President and Counsel, Professional Services Council, Arlington, VA; D. Mark Renaud, Partner, Wiley Rein LLP, Washington, DC; ML Mackey, CEO, Beacon Interactive Systems of Cambridge, MA, testifying on behalf of the National Defense Industrial Association; the Hon. Marion Blakey, CEO, Aerospace Industries Association, Arlington, VA; and the Hon. Bradley A. Smith, Josiah H. Blackmore II/Shirley M. Nault Designated Professor of Law, Capital University Law School, Columbus, Ohio, testifying on behalf of the Center for Competitive Politics; and Lawrie Hollingsworth, President, Asset Recovery Technologies, Inc., Annapolis, MD, testifying on behalf of the U.S. Women's Chamber of Commerce.

Administrator Gordon declined to answer questions about the proposed EO, but testified that the Administration remains fully committed to a merit-based contracting process rooted in the highest levels of integrity and transparency, and simultaneously asserted that, "[t]here is no place for politics in federal acquisition."

Mr. Chvotkin opposed the EO, stating that political contributions do not currently impact federal contract awards, that contributions would not help contracting officers make awards, and that much of the information required by the EO is currently publicly available. As an expert on pay to play laws, Mr. Renaud explained that the "President's proposal actually create several new problems where none existed before" by injecting disclosure into the procurement process and creating an expensive recordkeeping requirement for small firms. Ms. Mackey stated that, as a small business owner, she had no problem with disclosure per se, but that it should be separate from contract consideration and should not be injected into the workplace. Ms. Blakey

agreed that "Political contributions should never be considered by any procurement officer when making a decision to either award or deny a contract to any entity." Mr. Smith, as a former Commissioner of the Federal Elections Commission, summarized that the propose EO, "imposes junk disclosure requirements that serve no good purpose; [c]hills protected political activity; [and] seems motivated by simple partisan politics." Ms. Hollingsworth, while concerned by the administrative burdens the EO would place on small businesses, disagreed with the rest of the panel and testified that disclosure would level the playing field for small business.

GOVERNMENT WASTE AND DUPLICATION IN SBA PROGRAMS

On May 25, 2011, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for the purpose providing oversight on duplication in the U.S. Small Business Administration's (SBA's) entrepreneurial development programs. The hearing, entitled "Promoting Entrepreneurship and Job Creation by Decreasing Duplication at SBA," focused on four programs at SBA dealing with entrepreneurial development. Those programs are the Small Business Development Companies (SBDC), the Service Corps for Retired Employees (SCORE), Women's Business Centers (WBCs) and Veterans' Business Outreach Centers (VBOCs).

The witnesses were William Shear, Director, Financial Markets and Community Investment, U.S. Government Accountability Office (GAO), Washington DC; Arnold Baker, President and Founder, Baker Ready Mix and Building Materials, New Orleans, LA, testifying on behalf of the National Black Chamber of Commerce; Jody Keenan, Director, Virginia Small Business Development Center Network, Fairfax, VA, testifying on behalf of the Association of Small Business Development Centers; and Denise Pickett, Executive Vice President, American Express OPEN, New York, NY.

Mr. Shear discussed the GAO's efforts to uncover waste and duplication in the federal government, including a recent GAO report pointing to 80 economic development programs that exist in four federal agencies costing taxpayers $6.2 billion in fiscal year 2010. Mr. Shear testified that the four agencies identified in their report appear to have taken some actions to implement collaborative practices, but they have offered little evidence that they have developed compatible policies or procedures. Mr. Shear testified that when you have separate infrastructures to deliver similar services it could lead to inefficiencies and confusion for small businesses. Mr. Baker testified that SBA has sustained too many cuts to its programs over the last several years and that the agency cannot afford further cuts. He argued that a better funded and better staffed field infrastructure at SBA is critical for continued improvement of this nation's economy. Ms. Keenan testified that the SBDC network is on the front line of providing services to entrepreneurs. She indicated that SBDC's serve all types of businesses and would very easily be able to deliver services to the small business community currently being served by other entrepreneurial development programs funded by SBA. Ms. Pickett testified about the programs that American Express offers to small business owners and stated that the public sector

needs to work together with both the private sector and non-profits to meet to meet the needs of business owners.

ACCESS TO CAPITAL FOR SMALL BUSINESS

On June 1, 2011, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for the purpose of receiving testimony on small business access to capital. The hearing entitled "Access to Capital: Can Small Businesses Access The Credit Necessary To Grow and Create Jobs?" provided a forum for lenders and business owners to discuss the current economic environment and how they are working together to support private sector job growth.

The witnesses included William Hall, a Dairy Queen Franchisee, Ft. Worth, Texas, testifying on behalf of the National Franchise Association; Lynn Ozer, Executive Vice President, Susquehanna Bank, Pottstown, PA, testifying on behalf of the National Association of Government Guaranteed Lenders (NAGGL); Robert Kottler, Executive Vice President, Director of Retail and Small Business Banking, Iberia Bank, Lafayette, LA, testifying on behalf of the Consumer Bankers of American; and Dennis Jacobe, Chief Economist, Gallup, Washington, DC.

Mr. Hall testified about his struggle to obtain capital in recent years and the needs of small businesses to obtain capital to maintain operations as well as grow. He cited a $2 billion shortfall in available loans, which if filled could create more than 332,000 new jobs in the franchise industry. Ms. Ozer testified that the economic circumstances of the last several years, combined with increased federal banking regulations, have created the "perfect storm of circumstances that together serve to stifle banks' abilities to make credit available to small businesses." Loan underwriting standards are significantly tighter today than they were just a few years ago. Many banks are taking advantage of the SBA 7(a) program since it takes less capital to support an SBA loan then it does a conventional loan. Mr. Kottler testified that over the last few years, his bank has seen weaker demand for small business loans, but they are starting to see an increase. Factors affecting credit demand are lower sales and collateral value, mainly in the housing sector. To increase demand, lenders are working closer with borrowers, and many banks have instituted "second look" programs for those borrowers who are initially denied credit. Mr. Jacobe testified that the downfall in the housing industry and the recent financial crisis have caused huge disruptions in the financial services sector that have resulted in the continued economic "soft patch." Citing research performed by the Gallup Organization, Mr. Jacobe reported that business owner optimism is down from early 2011, getting credit is slightly less difficult and small business owners are hiring fewer employees than they need.

PART B

SUBCOMMITTEE HEARINGS

SMALL BUSINESS PROGRAMS CREATING INNOVATION AND JOBS

On April 7, 2011, the Subcommittee on Healthcare and Technology of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for the purpose of receiving testimony on draft legislation reauthorizing the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs. The hearing, entitled "The Creating Jobs Through Small Business Innovation Act of 2011" focused on improving the SBIR and STTR programs via the legislation.

The witnesses for the hearing were: Glenn Norem, Executive Chairman Totus Lighting Solutions, Inc. Lakeway TX; Terry Brewer, Ph.D., President, Brewer Science, Inc., Rolla, MO; Albert Link, Ph.D., Professor, Department of Economics, University of North Carolina at Greensboro, Greensboro, NC; and Scott Koenig, Ph.D., Chairman of the Board, Applied Genetics Technology Corporation (AGTC) and CEO of MacroGenics, Inc. Rockville, MD, testifying on behalf of the Biotechnology Industry Organization.

Dr. Norem began the testimony by stating that the current Small Business Administration (SBA) rules regarding the participation of majority owned venture-backed small businesses has handicapped his business' access to capital. He stated that because of the rule, his company has had to make the choice between participation in the SBIR program or accepting venture capital investment. Dr. Brewer stressed the importance of the SBIR program on emerging as well as established companies and suggested that the SBIR program be a catalyst for American manufacturing. Dr. Link detailed the findings of the National Research Council's *An Assessment of the Small Business Innovation Research Program* of which he was a part. Dr. Koenig focused his testimony on the SBA's venture capital rule, contrasting two unique therapies two different companies have developed; one that succeeded (the company MedImmune and the treatment called Synagis) prior to the SBA's 2003 decision to limit the participation of venture-backed companies in the SBIR program and one that has been shelved (the company AGTC and the treatment for Pompe's disease) because the company had too much venture capital support under the current rules.

THE EFFECT OF HIGH GAS PRICES ON SMALL BUSINESS

On April 14, 2011, the Subcommittee on Agriculture, Energy and Trade of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for the

purpose of receiving testimony on "Drilling for a Solution: Finding Ways to Curtail the Crushing Effect of High Gas Prices on Small Business." The hearing focused on the negative impacts of rising fuel costs on small business and policies that should be implemented to decrease the United States' dependence on foreign oil and ease the cost burden on small businesses.

The witnesses were Jim Ehrlich, Executive Director, Colorado Potato Administrative Committee, Monte Vista, CO; Rick Richter, owner of Richter Aviation, Maxwell, CA testifying on behalf of the Agricultural Aviation Association; Dick Pingel, owner of Finally Trucking, Inc., Plover, WI, testifying on behalf of the Owner-Operator Independent Drivers Association, Inc.; and Robert Weiner, Professor of International Business, Public Policy, Public Administration and International Affairs, George Washington University, Washington, DC.

The witnesses spoke about the impacts of increasing fuel costs within their industries and other small businesses, and agreed that the United States government should encourage increases in domestic energy development to reduce dependency on foreign sources and decrease fuel costs. Mr. Weiner stated, "[t]o foster investment and future production [of oil] it is important to establish and implement clear, stable policy in the areas that affect petroleum the most – taxes and regulation." Mr. Ehrlich noted that "for every $0.10 increase in gas prices there is a net loss of $5 billion dollars to the United States economy," and pointed to the fact that the "total energy cost of an irrigated potato crop in the San Luis valley can be as great as fifty percent of total production." Mr. Pingel testified that despite the fact that most owner-operators earn less than $40,000 a year in income, "each time the price of a gallon of diesel fuel increases by a nickel, a trucker's annual costs increase by $1,000." He also advocated fuel-efficiency driver training in lieu of costly government regulations. Finally, Mr. Richter encouraged Congress to prevent the EPA from promulgating new regulations on avgas. If these standards are put into place, it would effectively ground over 50 percent of agricultural aircraft, as there are no acceptable substitutes for piston-powered engines.

SMALL BUSINESS SIZE STANDARDS REGULATION

On May 5, 2011, the Subcommittee on Economic Growth, Tax and Capital Access of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building to receive testimony on the U.S. Small Business Administration's (SBA) proposed rule, "Small Business Size Standards: Professional, Scientific and Technical Services," 74 Fed. Reg. 14323 (March 16, 2011). The proposed rule addresses industries within North American Industry Classification System (NAICS) Sector 54, Professional, Scientific and Technical Services, and one industry in NAICS Sector 81, Other Services. It would increase the small business size standards for 35 industries and one sub-industry, reduce the number of available size standards from 41 receipt and employee based standards to 16 standards, and bundle NAICS codes together to form common industry group size standards.

The witnesses were Walter J. Hainsfurther, FAIA, President, Kurtz Associates Architects of Des Plaines, IL, testifying on behalf of the American Institute of Architects (AIA); John Woods, Partner, Wood Peacock Engineering Consultants of Alexandria, VA, testifying on behalf of the American Council of Engineering Companies (ACEC); Roger Jordan, Vice President, Professional Services Council (PSC) of Arlington, VA; and Odysseus Lanier, Partner, McConnell Jones Lanier & Murphy LLP of Houston, TX, testifying on behalf of the American Institute of Certified Public Accountants (AICPA).

The witnesses agreed growth in the size standards is necessary to reflect economic conditions, but each disagreed with changes proposed by SBA. Mr. Hainsfurther testified that raising the standard for architectural firms from $4.5 million from $19 million, due to the use of common group size standards, would result in over 97% of architectural firms qualifying as small businesses, and stated that an employee based standard would better represent his industry. Mr. Woods testified that ACEC needed more time to respond to the SBA proposal, since the proposed rule would result in "more than 90% of the nation's engineering industry . . . [being] classified as small business[es]." Mr. Jordan protested the use of common size standards when those standards "eliminate[d] legitimate small businesses from being able to qualify." Mr. Lanier testified that SBA was not using the best industry data, and that the methodology did not address whether a firm was dominant in its field.

At the hearing's close, Chairman Walsh said he plans to submit the hearing record to SBA for inclusion in the administrative record, and to request that SBA extend the comment period on the rulemaking.

ENVIRONMENTAL PROTECTION AGENCY REGULATIONS

On May 12, 2011, the Subcommittee on Oversight, Investigations and Regulations of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for the purpose of receiving testimony on "Green Isn't Always Gold: Are EPA Regulations Stifling Small Business?" The hearing focused on the negative impacts of the United States Environmental Protection Agency (EPA) regulations on small businesses.

The witnesses were Glenn Johnston, Vice President of Regulatory Affairs, Gevo, Inc., Englewood, CO; John Ward, Chairman, Citizens for Recycling First, Broomfield, CO; and Bradford Muller, Vice President of Marketing & Corporate Communications, Charlotte Pipe and Foundry Company, Charlotte, NC, testifying on behalf of the American Foundry Society.

The witnesses spoke about the impacts of various EPA proposed and final rules and how they negatively impact their industries, most specifically as they relate to the Clean Air Act and the Resources Conservation and Recovery Act. Witnesses also spoke about how EPA has neglected to take into account the Regulatory Flexibility Act when promulgating regulations, despite significant direct and indirect burdens experienced by small businesses. In his remarks,

Mr. Muller stated, "on the question of whether the EPA Regulations are harming small businesses...[t]he answer is unequivocally yes."

Mr. Ward, a former member of the National Coal Council and American Coal Council, testified that between 1999 and 2009, 138 million tons of greenhouse gas emissions were decreased through the use of coal fly ash in concrete products, and that designating these byproducts as hazardous waste would only serve to increase waste and pollutant emissions.

Mr. Johnston indicated that biofuels with broad market applications as a solvent and a gasoline blendstock cannot compete with ethanol due to EPA policies. "Gevo and the Advanced Biofuels industry in general believe that the EPA should review its regulatory regime and to the extent possible should assure that biofuels other than ethanol have equal and unfettered access to the market," he said.

GOVERNMENT CONTRACTORS' TAX COMPLIANCE

On May 26, 2011, the Subcommittee on Contracting and Workforce of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building to receive testimony on the effects of implementing Section 511 of the Tax Increase Prevention and Reconciliation Act of 2005, Pub.L. No. 109-222. As revised and implemented, the provision requires that payments by federal, state and local governmental entities for goods and services made after December 31, 2013 be subject to 3% income tax withholding in order to address the tax gap.

The first panel witness was the Hon. Wally Herger (R-CA). The second panel consisted of Brian George, Deputy Director, Office of Cost, Pricing & Finance, U.S. Department of Defense (DoD), accompanied by Dave McDermott, Director, Standards and Compliance, Defense Finance and Accounting Service, DoD, and the Hon. Curtis M. Loftis Jr., Treasurer of the State of South Carolina. The third panel witnesses were Mike Murphy, President, Turner Murphy Construction of Rock Hill, SC, testifying on behalf of the Associated General Contractors; Ian Frost, Principal, EEE Consulting, Inc. of Mechanicsville, VA, testifying on behalf of the American Council of Engineering Companies; and James M. Gaffney, Vice President, Goshen Mechanical Inc. of Malvern, PA, testifying on behalf of the Quality Construction Alliance; and Kara M. Sacilotto, Partner, Wiley Rein LLP, Washington DC. Over thirty additional groups submitted testimony for the record.

Congressman Herger expressed his support for repeal of Section 511, and encouraged passage of H.R. 674, which would eliminate the 3% withholding provision.

Messrs. George and McDermott provided information regarding the 2008 DoD study which found that implementation of Section 511 would cost DoD $17 billion and deny the Department full small business participation, competition, and innovation. Mr. Loftis denounced

the provision as an unfunded mandate that would create unnecessary budget stress on state and local governments while simultaneously harming small businesses.

Each of the small business witnesses testified that the 3% withholding provisions exceed their profit margins and thereby prevent them from expanding or creating jobs. Ms. Sacilotto, as a government contracts attorney, explained that the unintended consequences costs of the Section 511 on the procurement system outweighed any recaptured revenue.

Chairman Mulvaney concluded the hearing by promising to work with the Committee on Ways and Means to repeal Section 511. A copy of the hearing transcript will be sent to the Committee on Ways and Means once it is available.

HEALTH INFORMATION TECHNOLOGY IMPLEMENTATION AND REGULATION

On June 2, 2011, the Subcommittee on Healthcare and Technology of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for the purpose of a hearing entitled, "Not What the Doctor Ordered: Health IT Barriers for Small Medical Practices." The hearing focused on the implementation of health IT by small physician practices, barriers that small practices have encountered and possible solutions to those barriers.

The witnesses were: Farzad Mostashari, M.D., M.Sc., National Coordinator for Health Information Technology (ONC), Department of Health and Human Services, Washington DC; Karen Trudel, Acting Director, Office of E-Health Standards and Services, Centers for Medicare and Medicaid Services (CMS), Baltimore, MD; Sasha Kramer, M.D., Olympia, WA, testifying on behalf of the American Dermatological Society; Denise Elliott, D.P.M., Marrero, LA, testifying on behalf of the American Podiatric Medical Association; Andrew Slavitt, Chief Executive Officer, OptimumInsight, Eden Prairie, MN; and David L. Baumer, Ph.D., Professor of Law and Technology, North Carolina State University, Raleigh, NC.

Dr. Mostashari testified that the Regional Extension Centers offer training and technical assistance to small practices that are working toward meaningful use of Electronic Health Records (EHR). Ms. Trudel said CMS and the states have made incentive payments to 1139 eligible professionals who have successfully adopted EHRs.

The second panel's witnesses agreed that health information technology can help to boost a medical practice's quality of care, but that barriers can prevent smaller practices from adopting it. Dr. Elliott noted that more than 65% of podiatrists practice in one or two person groups, and requiring them to implement electronic health records for Medicare is an undue financial burden. Dr. Kramer purchased a system by a company that was acquired by another company whose software is not compatible. Now she is facing the purchase of a new system. Mr. Slavitt said the purchase and design of technology have taken a back burner to all of the compliance reporting requirements" needed to qualify for federal incentive payments. Dr. Baumer testified that the

efficiency gains are offset by the possible increased risks to the privacy of medical records and recommended legal safe harbors for small firms to protect them from lawsuits.

DEPARTMENT OF TRANSPORTATION REGULATION OF TRUCKING

On June 14, 2011, the House Committee on Small Business' Subcommittee on Oversight, Investigations and Regulations met in Room 2360 of the Rayburn House Office Building for the purpose of receiving testimony on "Do Not Enter: How Proposed Hours of Service Trucking Rules are a Dead End for Small Businesses." The hearing focused on the Federal Motor Carrier Safety Administration's proposed rule on Hours of Service for property-carrying truckers.

The witnesses were Paul James, President, Rex Oil Company, Denver, CO; James Burg, Owner, James Burg Trucking, Warren, MI; J.D. Morrissette, President, Interstate Van Line Operations, Inc., Springfield, VA; and Rusty Rader, Co-Owner, J.J. Kennedy, Inc., Fombell, PA.

The witnesses discussed how this proposed regulation would harm their industries by reducing allowed duty times for property-carrying trucks, hindering the ability for owner-operators and other small businesses to transport goods nationwide. In his remarks, Mr. Burg stated, "[t]hese changes, if finalized, would have a profoundly negative impact on small businesses, would restrict productivity, and would result in greater congestion and increased emissions. These impacts are significant since there are some 500,000 trucking companies in the United States and 99 percent of these companies are small businesses." Mr. Morrissette spoke to the complexities of the proposed rule: "[t]he proposed hours of service changes are complicated, difficult to understand and difficult for the customer to appreciate…the current rules should continue to apply." Mr. Rader testified to the challenges that would be created as a result of changed restart provisions: "[b]y mandating a driver's off duty time to include at least two consecutive periods of midnight to 6 a.m., reduces the number of hours available to meet construction and delivery schedules to an unacceptable level. Not every work day takes place during daylight hours, making this proposed change overly restrictive." Mr. James said, "[w]ith fewer hours to drive each day, any companies would be forced to hire additional drivers or delay deliveries to the following day…[t]he daily reduction in driving hours would thus decrease overall safety by putting less experienced drivers on the road."

PART C

WASTE, FRAUD, ABUSE AND MISMANAGEMENT

Of the hearings delineated above, the following were devoted specifically to an examination of programs within the Committee's jurisdiction with a focus on potential mismanagement, waste, fraud and/or abuse.

HEARING ON THE FY 2012 BUDGET FOR THE SMALL BUSINESS ADMINISTRATION

During the March 2, 2011 full Committee hearing on the President's FY 2012 budget request for the Small Business Administration (SBA), at which Administrator Karen Mills testified, the programs under her authority were discussed in detail. The members of the Committee expressed their concerns about several pilot programs that are not authorized, as well as the management of the agency related to the distribution of personnel and its reflection of agency priorities. Further, the Committee pointed to issues cited by the agency's Inspector General, namely the SBA's expedited loan processing initiatives and reliance on outside financial institutions, as well as contracts awarded to firms that do not meet program eligibility criteria. These concerns are laid out in greater detail in the Committee's FY 2012 budget views and estimates letter that was adopted by the Committee on March 15, 2011.

HEARING ON ENTREPRENUERIAL DEVELOPMENT PROGRAMS

The Committee hearing on May 25, 2011 examined duplication in the SBA's entrepreneurial development programs. The hearing focused on a report by the Government Accountability Office citing 80 economic development programs throughout the Department of Commerce, the Department of Housing and Urban Development, the Department of Agriculture and SBA. The Committee specifically focused on four programs at the SBA dealing with entrepreneurial development. Those programs are the Small Business Development Companies (SBDC), the Service Corps for Retired Employees (SCORE), Women's Business Centers (WBCs) and Veterans' Business Outreach Centers (VBOCs). In a March 15, 2011 letter to the Senate Committee on Small Business and Entrepreneurship, the SBA's Inspector General pointed to overlap in these SBA programs, reporting that 104 of the 109 WBCs listed on SBA's website are located within 25 miles of either an SBDC or SCORE chapter. Additionally, of the 16 Veterans Business Opportunity Centers, seven are located at the same college or university as an SBDC. Of the remaining veterans' centers, six have an SBDC within 10 miles, two are less than 20 miles from an SBDC and the remaining center is 33 miles away. The Inspector General also noted that the Department of Commerce Minority Business Development agency has 41 outreach centers providing similar services as SBDCs. All of these 41 centers have a SBDC or SCORE chapter within 25 miles. The Committee is examining these programs for consolidation or elimination, in line with the recommendations made in its FY 2012 budget views and estimates letter.

HEARINGS ON THE SMALL BUSINESS INNOVATION RESEARCH PROGRAM

The Committee held two hearings on the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs. The full Committee held a general hearing to provide an overview of the programs on March 16, 2011. The Subcommittee on Healthcare and Technology held a hearing on April 7, 2011 to examine a draft legislative

proposal to reauthorize and modernize the programs. Included in the draft proposal were provisions designed to eliminate waste and fraud in the programs. For example, the legislation establishes an interagency committee to recommend greater efficiencies in the programs; requires the Comptroller General of the United States to conduct an audit of the SBIR and STTR programs; seeks to amend the SBIR and STTR Policy Directives to include measures to prevent fraud, waste, and abuse, including GAO studies on various measures of effectiveness; and requires the Offices of Inspector General for participating agencies to submit annual reports on fraud elimination in the programs. Ultimately, these provisions were included in legislation (H.R. 1425) that the Committee marked up and reported favorably on May 11, 2011.

OVERSIGHT PLAN FOR THE 112TH CONGRESS

Clause 2(d) of rule X of the Rules of the House of Representatives for the 112th Congress requires that each standing committee, in the first session of a Congress, adopt an oversight plan for the two-year period of the Congress and submit the plan to the Committee on Oversight and Government Reform and the Committee on House Administration.

Clause 1(d) of rule XI of the Rules of the House of Representatives requires each committee to submit to the House, not later than the 30th day after June 1, a semiannual report on the activities of that committee. Moreover, that report shall include a summary of the oversight plan submitted under clause 2(d) of rule X and summary of the actions taken with respect to such plan; and a summary of any additional oversight activities undertaken by the committee.

Part A of this section contains the Oversight Plan of the Committee on Small Business for the One Hundred Twelfth Congress, which the Committee considered and adopted on January 26, 2011.

Part B of this section contains a summary of the actions taken to implement that plan.

PART A

OVERSIGHT PLAN OF THE COMMITTEE ON SMALL BUSINESS FOR THE ONE HUNDRED TWELFTH CONGRESS

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January 26, 2011, Approved by the Committee on Small Business

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Mr. Graves, from the Committee on Small Business, submitted to the Committee on Oversight and Government Reform and the Committee on House Administration the following

REPORT

Rule X, cl. 2(d)(1) of the Rules of the House requires each standing Committee to adopt an oversight plan for the two-year period of the Congress and to submit the plan to the Committees on Government Reform and House Administration not later than February 15 of the first session of the Congress. Under Rule X, the Committee has oversight authority to investigate and examine any matter affecting small business. This Report reflects that broad oversight jurisdiction.

Pursuant to Rule X, cl. 2(d)(1)(F), this oversight plan also includes from proposals to cut or eliminate programs that are inefficient, duplicative, outdated, or more appropriately administered by State or local governments.

Oversight of Federal Capital Access Programs

The Committee will conduct the hearings and investigations into Small Business Administration (SBA) and other federal agencies that provide capital to America's entrepreneurs that may include any or all of the following as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- Effectiveness of the capital access programs to generate jobs in the fastest growing small businesses.
- Whether lenders are meeting their goals to lend to small businesses and create jobs.
- Risk to the taxpayers of the capital access programs and if those risks are not reasonable, then elimination of those programs.
- Adequacy of SBA oversight of its lending partners to ensure that federal taxpayers are properly protected.
- Capabilities of the SBA information technology to manage the loan portfolio.
- Appropriateness of ad hoc guidance documents in regulating lenders and borrowers.
- The exercise of discretion by SBA to create pilot programs and the risk they pose to the taxpayer and whether such authority should be curtailed or eliminated.
- Whether SBA disaster loan program and its oversight ensures that small businesses are able to revive to rebuild communities without unduly placing the federal taxpayer at risk.
- Efficacy and duplication of federal capital access programs offered by the Department of Agriculture to small businesses in rural areas.
- Utilization by small businesses of export capital programs at the Export-Import Bank and the Overseas Private Investment Corporation.
- Effectiveness of the Small Business Lending Fund and State Small Business Credit Initiative created by Pub. L. No. 111-240, the Small Business Jobs Act of 2010.

- Impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 on small business access to capital.

In performing oversight, the Committee will focus on particularly risky aspects of financial assistance programs including, but not limited to, commercial real estate refinancing, premier certified lenders, participating security small business investment companies, small business lending companies, express lenders, loan programs utilizing simplified lending applications, and disaster loans offered by private lenders through interest rate subsidies.

Oversight of SBA and Other Federal Entrepreneurial Development Programs

The Committee will conduct the hearings and investigations into the SBA programs that provide training and advice to small businesses that may include any or all of the following as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- Examining effectiveness of SBA entrepreneurial development programs in creating jobs.
- Determining whether certain programs should be eliminated as a result of their ineffectiveness or duplication of programs provided by other agencies.
- Suggesting methods for enhancing coordination among federal agencies in providing assistance to entrepreneurs.
- Enhancing the efficacy and utilization of the Manufacturing Extension Partnership at the Department of Commerce.
- Recommending improvements in assistance to small businesses that participate in the production of value-added agricultural products.
- Increasing effectiveness of technical assistance provided to small businesses involved in the production of renewable and non-renewable energy sources.

Oversight of Federal Government Contracting Matters

The Committee will conduct hearings and investigations into the federal procurement system that may include any or all of the following as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- Whether fraud or other problems exist in the federal government contracting programs overseen by the SBA including the 8(a), HUBZone, service-disabled veteran, women-owned contracting program, and Small Business Innovation Research program.
- Effectiveness of SBA contracting programs to increase participation by small businesses in federal procurement.
- Effectiveness of federal agency protections against contract bundling and consolidation.
- The accuracy and utility of SBA size standards and federal procurement databases.
- Operation and effectiveness of federal agency assistance provided to small businesses interested in federal procurement, including that provided by the SBA, Offices of Small and Disadvantaged Business Utilization and Procurement Technical Assistance Centers.

- Development of federal acquisition policies and whether small businesses have sufficiently effective voice in development of such policies.
- Cost-effectiveness of outsourcing government work to private enterprise rather than expanding the government to do provide the good or service internally (i.e., government insourcing).

In performing oversight, the Committee will focus its efforts on uncovering abuse and misuse of the small business designation to obtain federal government contracts.

Oversight of SBA Management

The Committee will conduct the hearings and investigations into the management of the SBA that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- The appropriate mission of the SBA.
- Whether agency employees in the field are empowered to assist small businesses.
- Duplication of offices and missions at SBA headquarters.
- Effectiveness of personnel management to ensure that employees are rewarded for assisting small businesses.
- Capabilities of SBA employees to provide proper assistance to small business owners.

In carrying out this oversight, the Committee will focus particularly on streamlining and reorganizing of the agency's operations to provide maximum assistance to small business owners. Offices that primarily provide assistance or advice to headquarters staff that do not promote the interests of small businesses or protect the federal government as a guarantor of loans will be recommended for cuts or elimination. For some potential offices in which the Committee will examine, refer to the section title "Reductions in Programs and Spending."

Oversight of Federal Regulatory and Paperwork Burdens

The Committee will conduct hearings and investigations into unnecessary, burdensome, and duplicative federal rules, reporting and recordkeeping requirements affecting small businesses that that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- Centers for Medicare and Medicaid Services.
- Consumer Financial Protection Bureau.
- Consumer Safety Products Commission.
- Department of Agriculture.
- Department of Energy, particularly the Office of Energy Efficiency and Renewable Energy.

- Department of Interior, particularly the Bureau of Land Management and Minerals Management Service.
- Department of Labor, particularly the Occupation Safety and Health Administration.
- Department of Homeland Security, particularly the Transportation Security Administration.
- Department of Transportation, particularly the Federal Aviation Administration and Federal Motor Carrier Safety Administration.
- Environmental Protection Agency.
- Federal Communications Commission.
- Federal Financial Institutions Examination Council and its constituent agencies.
- Food and Drug Administration.
- Office of Federal Procurement Policy.
- Securities and Exchange Commission.

The Committee will identify specific rules and regulations already issued or at the proposed rule stage to assess the impact on small businesses. The Committee will pay close attention to the effect that regulations have on the implementation of advanced technologies including, but not limited to, the deployment of broadband communications (either by wireline or wireless services) throughout the United States. Oversight of the regulatory process also will, to the extent relevant, examine the work of the Office of Information and Regulatory Affairs at the Office of Management and Budget. Special attention will be paid to the work performed by the Chief Counsel for Advocacy at the United States Small Business Administration to ensure that Office is fulfilling its mission to advocate vigorously on behalf of America's small business owners in regulatory matters at federal agencies. Finally, this oversight will entail an examination of compliance by federal agencies with amendments to Executive Order 12,866 and memoranda on regulatory flexibility and regulatory compliance issued by the President on January 18, 2011.

Oversight of Federal Tax Policy

The Committee will conduct hearings and investigations into the federal tax code, its impact on small business, and Internal Revenue Service's (IRS) collection of taxes that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- Identification of tax code provisions that hinder the ability of small businesses to create jobs and recommendations for modifying those provisions to boost small business job growth.
- Examination of the structure of the tax code in order to simplify compliance for small businesses.
- Assessment of the recordkeeping and reporting requirements associated with tax compliance and suggestions for reducing such burdens on small businesses.

- Evaluation of the estate tax provisions to determine whether they inhibit the ability of successive generations to maintain successful job creating enterprises.
- Efficiencies at that the IRS that improve the interaction between the government and small business owners.
- Inefficiencies at the IRS that force small businesses to divert capital from job growth to tax compliance.

Oversight of Health Care Policy

The Committee will conduct hearings and investigations into federal health care policy (such as Medicare and Medicaid) and the implementation of the Patient Protection and Affordable Care Act that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- The cost of Patient Protection and Affordable Care Act to small businesses, including the self-employed.
- The impact of the Patient Protection and Affordable Care Act, Medicare and Medicaid on the ability of physicians, pharmacists, and allied health care providers to offer the best care possible to patients.
- Alternatives to the Patient Protection and Affordable Care Act that reduce health insurance costs to small businesses without inhibiting their ability to create jobs.
- The impact of state tort and insurance laws on the cost of medical care.
- Examination of increases in efficiencies that will improve the provision of health care while reducing costs to small businesses that offer their workers health insurance.

Oversight of Energy Policy

The Committee will conduct hearings and investigations into energy policy to reduce the cost of energy and increase energy independence that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- Innovations developed by small businesses that increase energy independence.
- Federal regulatory policies that increase dependence on foreign sources of energy.
- Policies needed to incentivize production of energy in the United States.
- Examination of commercialization of research in renewable energy.
- Federal regulations or policies that increase energy costs for small businesses.

The primary thrust of the Committee's efforts will focus on efforts to use the innovation of America's entrepreneurs to fuel the drive for greater energy independence.

Oversight of Trade and Intellectual Property Policy

The Committee will conduct hearings and investigations into international trade and intellectual property policies of America and its trading partners that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- Impact of free trade agreements to increase exports by American small businesses.
- Whether the federal government is doing enough to protect the intellectual property rights of small businesses by foreign competitors.
- The impact of federal intellectual property policies, particularly patents and copyrights, to protect the innovations of American entrepreneurs.
- Efforts to increase exports by small businesses.

The focus of oversight will emphasize the best mechanisms to promote and protect advanced technology innovations of small businesses.

Reductions in Programs and Spending

In addition to the programs and policies already cited, the Committee will examine and any all including, but not limited to, programs and offices listed below in order to find areas in which to reduce the federal deficit:

- Small Business Lending Fund operated by Department of Treasury.
- State Small Business Credit Initiative operated by Department of Treasury.
- Patriot Express Loan Program overseen by the SBA.
- Express Loan Program overseen by SBA.
- Emerging Leaders Initiative started by SBA.
- Drug-Free Workplace Program.
- SBA Office of Policy.
- SBA Regional Administrators.
- Office of Advocacy Regional Advocates.
- SBA Deputy District Directors.
- SBA Office of International Trade.
- SBA Office of Native American Affairs.

In particular, the Committee will assess whether reorganization and reassignment of employees to more critical functions at the SBA, such as positions as procurement center representatives, will provide a more effective agency at assisting small businesses generate growth.

PART B

IMPLEMENTATION OF THE OVERSIGHT PLAN OF THE COMMITTEE ON SMALL BUSINESS FOR THE ONE HUNDRED TWELFTH CONGRESS

A. Oversight of Federal Capital Access Programs

In its review of the Small Business Administration's (SBA) fiscal year (FY) 2012 budget request, the Committee analyzed the agency programs devoted to providing access to capital to small businesses. During a March 2, 2011 hearing on the SBA budget, at which the SBA Administrator testified, and as part of the Committee's views and estimates on the FY 2012 budget adopted on March 15, 2011, the Committee outlined its concerns with and proposals for improving the SBA programs devoted to small business financing, including the 7(a) Loan Program, the Certified Development Company Loan Program, the Microloan Program, the Small Business Lending Intermediary Pilot Program, the Small Business Investment Company Program, the Surety Bond Program and the Disaster Loan Program.

On June 1, 2011, the Committee on Small Business met for a hearing titled, "Access to Capital: Can Small Businesses Access the Credit Necessary To Grow and Create Jobs?" The hearing provided a forum for lenders and business owners to discuss the current economic environment and how they are working together to support private sector job growth. Witnesses from the lending side discussed the demand for capital and current initiatives to encourage small business lending. Small business owners testified about the current economic environment and the capital that is required to expand and hire new workers. The value of the SBA lending programs, particularly the 7(a) guarantee program, was discussed in detail.

On June 2, 2011, the Committee secured a commitment from the Government Accountability Office (GAO) to review the SBA's Loan Management Accounting system. This system is designed to manage the SBA guaranteed loan portfolio, but is severely outdated. The Committee's views and estimates letter on the FY 2012 budget request, adopted by the Committee on March 15, 2011, outlines concerns with the Loan Management Accounting System used by the SBA and resources devoted to it.

B. Oversight of SBA and Other Federal Entrepreneurial Development Programs

On March 15, 2011 the Committee adopted its views and estimates on the FY 2012 budget that outlined several duplicative entrepreneurial development programs at the SBA. This letter will be used as a template for legislation to consolidate and/or eliminate said programs.

On May 25, 2011, the Committee on Small Business held a full committee hearing titled, "Promoting Entrepreneurship and Job Creation by Decreasing Duplication at SBA." This

hearing examined duplicative programs at the U.S. Small Business Administration (SBA), specifically focusing on the entrepreneurial development Programs. The panel discussed the overlap that occurs within SBA's entrepreneurial development programs and how private efforts meet the needs of businesses seeking professional educational opportunities.

C. Oversight of Federal Government Contracting Matters

On March 16, 2011, the Committee on Small Business met for a hearing titled, "Spurring Innovation and Job Creation: The SBIR Program." This hearing marked the beginning of the Committee's work to reauthorize the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. Last fully reauthorized in 2000, the SBIR program sets aside federal research and development dollars to be provided in the form of grants to small businesses that offer innovations and needed products to the federal government. As such, the program offers an effective way to jump start entrepreneurs, grow the economy, and create jobs.

On April 7, 2011, the Subcommittee on Healthcare and Technology met for a hearing titled, "The Creating Jobs Through Small Business Innovation Act of 2011." The hearing was the second in a series of Committee events associated with the reauthorization SBIR and STTR programs. This hearing examined a draft of legislation reauthorizing the SBIR and STTR programs. Witnesses discussed the benefits of specific provisions in the draft legislation designed to improve and modernize the SBIR and STTR programs.

On April 15, 2011, the Committee sent a letter to the SBA requesting access to the Electronic Subcontracting Reporting Systems to better carry out its oversight responsibilities.

On May 5, 2011, the Subcommittee on Economic Growth, Capital Access and Tax met for a hearing titled, "Professional Services: Proposed Changes to the Small Business Size Standard." The Subcommittee hearing examined the impact of size standard regulations proposed by the SBA to redefine who is a small business in the professional, scientific, and technical services industries. The transcript of the hearing and written testimony was provided to the SBA via a letter dated May 6, 2011, to be included in the administrative record.

On May 12, 2011, the House Committee on Small Business and the House Committee on Oversight and Government Reform met for a joint hearing entitled, "Politicizing Procurement: Will President Obama's Proposal Curb Free Speech and Hurt Small Business?" This hearing examined the proposed Executive Order ("EO") mandating the disclosure of political donations by government contractors as a prerequisite to receiving a government contract, and evaluated its impact and consequences upon the federal acquisition system. Specifically, the Committees expressed concerns that this proposed EO would inject politics into the procurement process, violate political free speech rights, and usurp the legislative power of Congress. This hearing followed a letter to President Obama, dated April 21, 2011, detailing Chairman Graves' concerns with the impact of the EO on small contractors.

On May 26, 2011, the Small Business Subcommittee on Contracting and Workforce met for a hearing titled, "Defer No More: The Need to Repeal the 3% Withholding Provision." The hearing examined the effect of Section 511 of the Tax Prevention and Reconciliation Act of 2005, which will require federal, state and local governments to withhold 3 percent from all payments for goods and services purchased from small businesses. The Subcommittee heard witness testimony that Section 511 will: cost more to implement than it would generate in revenue; restrict the already tight cash flow of small companies; and destroy jobs.

On June 9, 2011, the Committee on Small Business and the Committee on Oversight and Government Reform sent a letter to the Department of Health and Human Services to seek information about a contract awarded by the Biomedical Advanced Research and Development Authority (BARDA). The Committees expressed concern about the procurement process used to select the recipient, which started as a small business set-aside, but was then cancelled, and BARDA made a sole source award.

D. Oversight of SBA Management

The Committee continues to oversee the management of the SBA through hearings, meetings with agency personnel, and industry representatives.

On March 2, 2011 the Committee held a hearing on the SBA's proposed budget for FY2012. This hearing reviewed the administration's funding requests as well as agency management of key policy initiatives for the fiscal year. The Committee heard testimony from SBA Administrator Karen Mills. The information garnered at this hearing was utilized in the Committee's development of views and estimates on the FY 2012 budget, subsequently adopted by the Committee and submitted to the House Budget Committee on March 17. 2011. The Committee's views and estimates letter recommends that 14 programs be zeroed out and three programs receive less money than the SBA requested for FY12. The total dollar figure is difficult to quantify, but is approximately $100 million in cuts or 10 percent less than the SBA's FY12 budget request.

E. Oversight of Federal Regulatory and Paperwork Burdens

On February 16, 2011, the Committee on Small Business met for a hearing titled, "Putting Americans Back to Work: The State of the Small Business Economy." The Committee examined obstacles to small business job creation and economic growth and attempted to identify specific tax, regulatory and health care policies that are inhibiting job creation and economic growth. The hearing set the stage for future Committee deliberations related to the obstacles impeding entrepreneurs' and small firms' ability to strengthen our economy and put Americans back to work.

On March 21, 2011, the Committee sent a letter to the Department of Labor (DOL) regarding a rule on wage methodology for temporary non-agricultural employment H2B program (76 Fed.Reg. 3,452). The letter questioned the methodology used to determine the prevailing wage under the rule and the impact on small businesses.

On March 30, 2011 the Committee on Small Business met for a hearing entitled, "Reducing Federal Agency Overreach: Modernizing the Regulatory Flexibility Act." The purpose of the hearing was to examine the Regulatory Flexibility Act (RFA) as amended by the Small Business Regulatory Enforcement Fairness Act (SBREFA). This hearing laid the foundation for Committee consideration of RFA reform and efforts to improve agency compliance with the Act.

On April 12, 2011, the Committee sent a letter to the Commissioner of the Food and Drug Administration (FDA) regarding potential regulatory action related to the extra-label use of cephalosporin antimicrobial drugs in food-producing animals. Concerns were raised by agriculture producers, veterinarians, and consumers over the adverse impact the ban would have on food safety and animal health. A rule was proposed and revoked in 2008. The letter was sent in response to information suggesting the FDA is considering reissuing the rule.

On April 14, 2011, the Committee sent a letter to the Chief Counsel for Advocacy at the SBA to encourage analysis of the Securities and Exchange Commission's proposed rule related to use of conflict minerals (75 Fed. Reg. 80,948). The letter focused on compliance with the Regulatory Flexibility Act and the rule's impact on small entities.

On May 12, 2011 The House Committee on Small Business Subcommittee on Oversight, Investigations and Regulations met for a hearing entitled, "Green Isn't Always Gold: Are EPA Regulations Harming Small Businesses?" The hearing examined Environmental Protection Agency regulations that negatively affect small businesses, most specifically those related to the Clean Air Act and the Resources Conservation and Recovery Act. The Subcommittee heard testimony from small business owners about how EPA has neglected to take into account the Regulatory Flexibility Act when promulgating regulations despite significant direct and indirect burdens experienced by small businesses.

On June 13, 2011, the Committee sent a letter to the Department of Agriculture (USDA) Grain Inspection, Packer and Stockyards Administration (GIPSA) regarding a proposed rule to amend the Packer and Stockyards Act of 1921 (75 Fed. Reg. 35,338). The letter calls into question USDA's compliance with the Regulatory Flexibility Act in determining the impact of the regulation on small businesses involved in the beef, pork, and poultry industries' supply chain.

On June 14, 2011, the Small Business Subcommittee on Investigations, Oversight and Regulations met for a hearing entitled, "Do Not Enter: How Proposed Hours of Service Trucking Rules are a Dead End for Small Businesses." The hearing reviewed the Federal Motor Carrier Safety Administration's proposed rule on trucking Hours of Service and explored how this regulation would harm small businesses by reducing allowed duty times for motor carriers and thereby hindering the ability for owner-operators and other small businesses to deliver goods nationwide.

F. Oversight of Federal Tax Policy

On February 9, 2011, the Committee on Small Business met for a hearing entitled, "Buried in Paperwork – A 1099 Update." The hearing focused on the health care reform law's expanded 1099 reporting mandate, which would have required businesses to file a 1099 form for virtually every business-to-business transaction of $600 or more in property and services. In a letter dated February 10, 2011, the Committee shared the information garnered at the hearing with the Chairman and Ranking Member of the Committee on Ways and Means.

On April 13, 2011, the Committee on Small Business met for a hearing entitled, "How Tax Complexity Hinders Small Businesses: The Impact on Job Creation and Economic Growth." As Congress considers the issues related to fundamental tax reform, the concerns of America's small businesses about tax reform should be part of that debate. This hearing examined the complexity of the current tax code, the difficulty that entrepreneurs have in complying with it and the resulting effect on hiring and economic expansion. In a letter to the Chairman and Ranking Member of the Committee on Ways and Means dated April 13, 2011, the Committee shared the views of the witnesses who testified as relevant to the ongoing debate on tax reform.

G. Oversight of Health Care Policy

On March 22, 2011, the Committee sent a letter to the Department of Health and Human Services requesting information related to the treatment of small businesses in the Patient Protection and Affordable Care Act (PPACA) (P.L. 111-148) waiver process. The Committee is concerned that the process for receiving waivers may be unfair to small firms. The Committee also asked the GAO to examine the waiver process. On June 14, 2011, the GAO issued a report regarding HHS waivers of restrictions on annual limits on health benefits.

On June 2, 2011, the Small Business Subcommittee on Healthcare and Technology met for a hearing entitled, "Not What the Doctor Ordered: Health IT Barriers for Small Medical Practices." The hearing examined the adoption of health information technology by small medical practices. The Subcommittee considered witness testimony regarding the barriers that small providers have encountered and possible solutions for addressing those barriers.

H. Oversight of Energy Policy

On April 14, 2011, the Small Business Subcommittee on Agriculture, Energy and Trade met for a hearing entitled, "Drilling for a Solution: Finding Ways to Curtail the Crushing Effect of High Gas Prices on Small Business." The purpose of this hearing was to bring to light the negative impacts of rising fuel costs on small business and to understand the effects of short- and long-term solutions such as increasing domestic oil production and further developing renewable energy sources.

I. Oversight of Trade and Intellectual Property Policy

On April 6, 2011, the Committee on Small Business met for a hearing entitled, "Help Wanted: How Passing Free Trade Agreements Will Help Small Businesses Create New Jobs." The hearing focused on the benefits and importance of passing the pending free trade agreements to small businesses. Lowering trade barriers will spur small business exports, which will then lead to job creation and long-term economic growth.

J. Reductions in Programs and Spending

On March 15, 2011 the Committee reported its views and estimates on the FY 2012 budget that outlined several programs at the SBA that should be considered for reduced spending or eliminated altogether. The letter suggested a reallocation of resources, both financial and personnel, to better meet the agency's mission. This letter will be used as a template for legislation to consolidate and eliminate unnecessary or duplicative programs. Overall, the Committee recommended the elimination of 14 programs, totaling approximately $100 million.

REGULATORY REVIEW

LEGISLATIVE AND OVERSIGHT ACTIVITY RELATED TO REGULATIONS, ORDERS, ADMINISTRATIVE ACTIONS AND PROCEDURES
BY FEDERAL AGENCIES WITHIN THE JURISDICTION OF THE COMMITTEE ON SMALL BUSINESS[1]

Regulation, Order, Administrative Action	**Oversight and Legislative Activity**
1099 Reporting Requirement in the Patient Protection and Affordable Care Act (PPACA) (P.L. 111-148)	The Committee held a hearing regarding the burden on small businesses of the expanded 1099 reporting requirement in PPACA. The Committee shared the information gained in the hearing with the Committee on Ways and Means in a letter dated February 10, 2011. Ultimately, the provision was repealed (P.L. 112-15)
SBA 504 Loan Refinancing Program (76 Fed. Reg. 9,213)	On March 2, 2011, the Committee held a hearing on the SBA budget request for FY 2012, and on March 15, 2011, the Committee reported its views and estimates on the FY 2012 SBA budget, including a recommendation that the 504 Loan Refinancing Program be considered for elimination and that no funds be allocated for the SBA to oversee this program.
Department of Labor (DOL) rule on wage methodology for temporary non-agricultural employment H2B program (76 Fed.Reg. 3,452)	The Committee sent a letter dated March 21, 2011 to DOL questioning the methodology used to determine the prevailing wage under the rule and the impact on small businesses.
Department of Health and Human Services (HHS) waivers provided under the Patient Protection and Affordable Care Act (PPACA). 111-148)	On March 22, 2011, the Committee sent a letter to HHS requesting information related to the treatment of small businesses in the PPACA waiver process.

[1] Under House rule X, the Committee on Small Business has jurisdiction over the protection of small business including "regulatory flexibility," as well as jurisdiction over the participation of small businesses in government contracts.

Regulation, Order, Administrative Action	Oversight and Legislative Activity
Securities and Exchange Commission's (SEC) rule related to conflict minerals (75 Fed. Reg. 80,948)	On April 14, 2011, the Committee sent a letter to the Chief Counsel for Advocacy to encourage analysis of the SEC's proposed rule, compliance with the Regulatory Flexibility Act, and the impact on small entities.
Proposed Executive Order on disclosure of political contributions by Federal contractors	The Committee submitted a letter to President Obama on April 21, 2011, to express concerns about the impact of the proposed Executive Order on small contractors. On May 12, 2011, the Committee held a joint hearing with the Committee on Oversight and Government Reform to review the proposal.
SBA Proposed Size Standards for North American Industry Classification System (NAICS) Sector 54 Industries related to professional services (76 Fed. Reg. 14,323)	The Subcommittee on Economic Growth, Tax, and Capital Access held a hearing on May 5, 2011 to review the size standard proposal. On May 6, 2011, via a letter to the SBA, the Subcommittee submitted the transcript of and written statements from the hearing for the administrative record
Environmental Protection Agency (EPA) regulations related to the Clean Air Act (42 USC, Chapter 85) and the Resource Conservation and Recovery Act of 1976 (P. L. 95-609)	The Subcommittee on Investigations, Oversight, and Regulations held a hearing on various EPA regulations and their impact on small businesses on May 12, 2011.
Department of Agriculture (USDA) Grain Inspection, Packer and Stockyards Administration (GIPSA) proposed rule to amend the Packer and Stockyards Act of 1921 (75 Fed. Reg. 35,338)	The Committee sent a letter dated June 13, 2011, to the USDA regarding compliance with the Regulatory Flexibility Act in determining the impact of the regulation on small businesses involved in the beef, pork, and poultry industries' supply chain.

Regulation, Order, Administrative Action	Oversight and Legislative Activity
Tax credit for small businesses established by the Patient Protection and Affordable Care Act (PPACA) (P.L. 111-148)	The Committee requested a GAO analysis of the small business tax credit established by PPACA.
Department of Transportation Federal Motor Carrier Safety Administration's Hours of Service regulations (75 Fed. Reg. 82,170)	The Subcommittee on Investigations, Oversight and Regulation held a hearing on the impact of trucking Hours of Service regulations on small businesses on June 14, 2011.