



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

February 6, 2008

**H.R. 4458**  
**Small Business Regulatory Improvement Act**  
*As ordered reported by the House Committee on Small Business  
on December 13, 2007*

**SUMMARY**

H.R. 4458 would amend the Regulatory Flexibility Act to require federal agencies to provide more analysis of the economic impact of new regulations on small businesses. The legislation also would require more detailed periodic reviews of existing regulations.

CBO estimates that implementing H.R. 4458 would increase the cost to perform regulatory analyses by about \$100 million over the 2009-2013 period, assuming appropriation of the necessary amounts. Enacting the bill would not affect direct spending or revenues. H.R. 4458 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

**ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 4458 is shown in the following table. The legislation would primarily affect major regulatory agencies and the costs would fall within several budget functions.

	By Fiscal Year, in Millions of Dollars					
	2008	2009	2010	2011	2012	2013
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
Estimated Authorization Level	0	20	20	20	20	20
Estimated Outlays	0	20	20	20	20	20

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that the legislation will be enacted by the end of fiscal year 2008, that the necessary amounts will be appropriated for each fiscal year, and that outlays will follow historical trends for similar activities.

Under current law and executive orders, all agencies must prepare a regulatory analysis prior to issuing a final rule. That analysis identifies the purpose of the regulatory action, the number and types of small businesses to which the rule will apply, the projected reporting and compliance costs of the rule, and any significant alternatives that would accomplish the objectives of the rule while minimizing the economic impact on small business.

An agency can waive the requirement for such an analysis if it can certify that the proposed rule will not have a significant economic impact on a substantial number of small businesses. If a proposed rule is expected to have a significant economic impact, the agency is required to notify the Small Business Administration's Office of Advocacy and provide it with an opportunity to comment on the rule. In addition, agencies are required to periodically review existing rules that may have an impact on small businesses.

H.R. 4458 would require the regulatory analysis for proposed and final rules to include any indirect economic effects on small business that is reasonably foreseeable. The legislation also would specify additional study and reporting requirements for proposed and final rules. Finally, the legislation would require agencies to prepare a plan to ensure that all existing regulations with significant effects on small businesses are reviewed within 10 years.

Information from the Office of Information and Regulatory Affairs (OIRA), SBA, and some federal regulatory agencies indicates that fewer than 1,000 of approximately 10,000 regulations issued annually would be affected by the legislation. CBO estimates that requiring the additional analysis for indirect economic effects and more detailed reporting requirements would increase federal costs by about \$10 million annually, subject to the availability of appropriated funds.

In addition, the legislation would require new procedures for periodically reviewing existing rules. Based on information from OIRA and some regulatory agencies, CBO estimates that provision would increase governmentwide costs by \$10 million annually for the additional administrative costs related to creating, publishing, and implementing plans to review existing regulations.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 4458 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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