



Dear Representatives:

On behalf of Associated Builders and Contractors, a national construction industry trade association with 67 chapters representing more than 23,000 members, I write today in support of [H.R. 7198](#), the Prove It Act of 2024. **ABC urges you to vote “Yes” on H.R. 7198 when it comes to the House floor for a vote and will consider this a KEY VOTE on our Scorecard for the 118th Congress.**

The majority of ABC’s general contractor and subcontractor members qualify as small businesses as defined by the Small Business Administration. The industry consistently has one of the highest concentrations of small business participation and its members play an integral role in building America’s infrastructure.

The Prove It Act strengthens the Regulatory Flexibility Act and increases small business input in the regulatory process, ensuring federal agencies fully account for the impact of regulations on small businesses. While Congress passed the RFA to protect small businesses from the disproportionate effects of regulatory overreach, the Biden administration advanced numerous regulations that generate substantial burdens for America’s small businesses by reducing competition and driving up costs. What’s worse, federal agencies continue to utilize loopholes in the RFA to implement these burdensome regulations at the expense of America’s small business community.

Under H.R. 7198, small businesses and the organizations representing them could petition the U.S. Small Business Administration’s Office of Advocacy to review and potentially overturn an agency’s certification that a regulatory flexibility analysis for a proposed rule is unnecessary because the agency determined the rule would not have a significant economic impact on a large number of small entities. The bill would also require federal agencies, when conducting an initial regulatory flexibility analysis of a proposed rule, to consider any potential indirect costs, such as the effect on other entities small companies might do business with. The Prove It Act also includes a provision granting the Office of Advocacy the power to eliminate rules that have not been reevaluated at least once a decade.

In 2023, the National Federation for Independent Business reviewed Office of Advocacy comment letters and found 28 instances where regulatory agencies lacked RFA compliance. Furthermore, the Office of Advocacy found that agencies often improperly certify rules that will not have a significant economic impact on a substantial number of small entities, only consider the direct costs on small businesses or misrepresent the costs on small businesses from regulation. In one instance, the Office of Advocacy found that the U.S. Department of Labor’s analysis of the impact of its independent contractor rule, the now-effective [final rule on Employee or Independent Contractor Classification Under the Fair Labor Standards Act](#), failed to estimate the costs that would be incurred by small businesses when reclassifying independent contractors as employees.

In addition to NFIB analysis, the U.S. House of Representatives Small Business Committee released an RFA [report](#) detailing a concerning lack of compliance in the federal rulemaking process. The report reveals that, in less than four years, federal agencies issued 891 final rules, crushing small businesses with \$1.47 trillion in costs and over 232 million hours in paperwork. Despite these statistics, opponents of the Prove It Act argue that challenges to the rulings by trade associations, such as ABC, would be too burdensome for federal agencies to bear. ABC urges opponents of the Prove It Act using this logic to prioritize America’s small businesses and workers over bureaucracy.

At a time when ABC's small business membership combats inflation, supply chain disruptions and workforce shortages, the Prove it Act would protect small businesses by ensuring regulatory agencies properly weigh the impact of rulemakings and address them before issuance. ABC urges you to vote yes on H.R. 7198 to help reduce the Biden administration's regulatory burdens and ensure small businesses success in America is a priority for the federal government.

ABC urges you to vote "Yes" on H.R. 7198 when it comes to the House floor for a vote and will consider this a KEY VOTE on our Scorecard for the 118th Congress.

Sincerely,

A handwritten signature in black ink, appearing to read "Kristen Swearingen".

Kristen Swearingen
Vice President, Legislative & Political Affairs