

REPORT OF THE SUBCOMMITTEE ON SMALL BUSINESS REGULATION

REQUIRED BY 1998 HOUSE BILL 780

RESEARCH MEMORANDUM NO. 489

Legislative Research Commission
Frankfort, Kentucky
December, 1999

REPORT OF THE SUBCOMMITTEE ON SMALL BUSINESS REGULATION

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TO: Senator Glenn Freeman, Co-Chair
Representative Tom Kerr, Co-Chair
Interim Joint Committee on Economic Development and Tourism

FROM: Senator Walter Blevins, Co-Chair
Representative Ruth Ann Palumbo, Co-Chair
Subcommittee on Small Business Regulation

DATE: October 21, 1999

RE: Subcommittee on Small Business Regulation
Recommendations to the Interim Joint Committee on Economic
Development and Tourism

Pursuant to House Bill 780, the Subcommittee on Small Business Regulation has completed its examination of the effect of regulations on Kentucky's small business community and respectfully submits its report and the following eight recommendations.

Recommendations

After careful consideration of all relevant material and testimony, the Subcommittee on Small Business Regulation has formulated the following recommendations to be forwarded to the Interim Joint Committee on Economic Development and Tourism:

- (1) Require all state agencies to make small business aware of their rights under the federal Small Business Regulatory Enforcement Fairness Act of 1996.

- (2) Create a process by which the small business community in the Commonwealth is consulted directly in the development of regulations that affect their industry sector.
- (3) Create a state-level ombudsman to aid small businesses in navigating the regulatory process.
- (4) Create a state-level Small Business Advocate position that will not only aid small businesses in navigating the regulatory process, but will also act as an advocate on behalf of the small business community.
- (5) Create a Small Business Advisory Committee and require state administrative bodies to consult with the committee when promulgating administrative regulations affecting small businesses.
- (6) Reauthorize the Subcommittee on Small Business Regulation to conduct further study.
- (7) Seek funding for an entrepreneurial impact audit for the entire state.
- (8) Examine the feasibility of requiring the Kentucky Employees Retirement System, the Kentucky Teachers Retirement System, the Legislative and the Judicial retirement systems to set aside 1%-2% of assets for investment into privately managed venture funds.
- (9) Examine the feasibility of requiring the coal severance fund to set aside 1%-2% of the funds to be used in venture capital funds in the area of the coal producing counties, in addition to what the coal counties already receive.

REPORT OF THE SUBCOMMITTEE ON SMALL BUSINESS REGULATION

Introduction

In response to federal legislation and a growing national focus on the issues of the growing small business community, the 1998 Kentucky General Assembly passed House Bill 780, creating a Subcommittee on Small Business Regulation. This Subcommittee was designed to examine the small business community in the Commonwealth, and to define what issues uniquely affect Kentucky small businesses. Because regulations are of particular concern at all levels of government, the Subcommittee on Small Business Regulation was directed to pay specific attention to the state's regulatory environment. Since the already existent Task Force on Economic Development was focused on issues faced by small businesses, the two entities met jointly for the majority of the interim.

After months of testimony and discussion, the Subcommittee on Small Business Regulation has developed a strong sense of the problems and opportunities in the small business community, especially in the area of regulation, and has generated a set of recommendations.

This report follows the history of the small business regulatory issue from its beginnings in the Congress of the early 1980's. It then details the history of the creation and work of the Subcommittee on Small Business Regulation and concludes with recommendations to be delivered to the Interim Joint Committee on Economic Development and Tourism before the 2000 session of the General Assembly.

Overview of the Regulatory Simplification Movement

In the past two decades, the focus on the growth and success of small businesses across the nation has increased dramatically. As more and more small businesses have been formed, their national economic and social impacts have grown at a staggering rate. For this reason, issues that face small businesses have moved to the forefront of legislative minds. In the last twenty years, state and federal legislative bodies have endeavored to understand and accommodate the needs and concerns of the small business community.

Federal Initiatives

In 1980, Congress addressed the problems faced by small businesses with the passage of the Regulatory Flexibility Act of 1980. This legislation required each federal agency to analyze the effects of its regulations on small businesses. Following this legislation, President Ronald Reagan signed an Executive Order requiring the Office of Management and Budget to review each new rule being promulgated to analyze the cost/benefit of that regulation. With these first pieces of legislation, lawmakers began to

understand that the concerns of a growing small business population were different than those of large corporate entities.

The focus on small business concerns was reflected again in President Clinton's 1993 Executive Order 12866, requiring agencies to provide the public opportunity for meaningful participation in the regulatory process, thus laying the foundation for public involvement. He followed this move with a 1995 Memorandum of Penalty Waiver, which gave compliance officials more flexibility in dealing with small businesses and the authority to waive penalties and use enforcement discretion to help bring entities into regulatory compliance. Together, these actions began to give the expanding small business community a voice in the regulatory process. In 1996, Congress passed the Small Business Regulatory Enforcement Fairness Act (SBREFA). This legislation is the most comprehensive small business legislation to date and provides small businesses with new and meaningful ways to participate in the federal regulatory process. Specifically, it requires:

- Agencies to develop written guidelines in plain English to help small businesses understand how to comply;
- Congress to review all major rules;
- Agencies to provide for the reduction and waiver of penalties imposed on small businesses;
- The creation of government small business advocacy panels to review rules proposed by EPA and OSHA and to consult with small businesses; and
- The creation of a national ombudsman and ten regional fairness boards to monitor agency enforcement activities.

This law also provides small businesses with enhanced authority to go to court to challenge agency rules.

The regional fairness boards created by SBREFA were charged with the responsibility of monitoring enforcement activities, reporting to Congress significant reporting issues in their regions, and reflecting the concerns of their regions to Congress. States like Hawaii, Arizona, and Washington have been pioneers in implementing small business programs and legislation at the state level. In response, many other states, including Kentucky, are following their lead and currently examining their own small business communities and the issues they face.

Kentucky Initiatives

During the 1998 Regular Session of the General Assembly, the Chairman of the Region IV Small Business Regulatory Enforcement Fairness Board encouraged legislators to pass HB 780, creating a Subcommittee on Small Business Regulation, to examine small business concerns in the Commonwealth (See Appendix I). Specifically, the Subcommittee was directed to:

- Review and identify administrative regulations of concern to small business owners because of the economic burdens they place on small businesses;
- Assess the degree of regulatory burden facing small businesses that creates an undue barrier to the formation, operation, and expansion of small businesses in a manner that outweighs the benefits to the public;
- Seek information and advice from small business owners and operators, government agencies involved in regulation, and others as appropriate;
- Identify sources of information and programs that assist in regulatory and reporting requirements for all businesses, and identify methods of regulation that are more collaborative, more solution oriented, and less punitive to small businesses; and
- Make recommendations regarding changes needed in regulations and legislation.

Throughout the interim, the Subcommittee heard from many different groups regarding burdensome regulations and regulatory relief in the Commonwealth. The Chair of the Region IV board began the interim by introducing Subcommittee members to the history behind SBREFA and recommending certain actions to the Subcommittee. After that, Subcommittee members heard testimony from state agencies involved in regulation, state agencies involved in regulatory simplification, other states that have exemplary regulatory relief plans, and associations representing small businesses across the state. (See Appendix II.) Additionally, Subcommittee staff conducted two statewide surveys of small businesses and professional associations. (See Appendix III.)

Findings and Recommendations

Findings

From the testimony and presentations, the members were able to formulate some general conclusions about the regulatory climate in the Commonwealth and answer questions posed by House Bill 780.

- (1) In reviewing and identifying administrative regulations of concern to small businesses in the Commonwealth, the Subcommittee heard testimony from the Kentucky Chamber of Commerce and the Kentucky Chapter of the National Federation of Independent Business. Additionally, the Subcommittee included in the survey of the small business community a question addressing this issue. By and large, the Subcommittee found that industry-specific regulations impact small business owners the most. Though taxation is often a concern for small businesses, industry-specific concerns seem to be the most important.
- (2) In assessing the degree to which regulations create an undue barrier to the formation, operation, and expansion of small businesses, members again surveyed the small business community and heard testimony from groups such as the Kentucky Small Business Development Center Network, the Kentucky Chamber of Commerce, Associated Industries of Kentucky, and the Kentucky Chapter of the National Federation of Independent Business. While it is difficult to generalize about a particular business' regulatory experience, Subcommittee members learned that when complaints are registered, the kinds of regulatory issues cited as hindrances include excessive paperwork requirements, general bureaucracy, poor availability of capital, complicated language, and excessive numbers of regulations. Additionally, in assessing the degree to which regulations affect Kentucky small businesses, a high percentage of those surveyed by LRC staff said that regulations had a negative impact on their business.
- (3) In identifying sources of information and programs that offer assistance in the Commonwealth, the chairs invited representatives from the Office of the Secretary of State, the Cabinet for Economic Development, private industry organizations, and the University of Kentucky Gatton College of Business to discuss their efforts in aiding small businesses. Members found that some important measures have already been taken. "Tiering" of regulations to minimize their impact on small businesses, the Kentucky Small Business Development Center Network, the Kentucky Business Environmental Assistance Program, the internet-based One Stop Business Licensing Program, the Cabinet for Economic Development's Kentucky Business Guide, and the informative websites maintained by many state regulatory agencies are all examples of important sources of information and assistance already available in Kentucky.

- (4) In attempting to identify methods of regulation that are more collaborative and less punitive to small businesses, Subcommittee members surveyed over 1500 small businesses and professional associations regarding their opinion of what would help make the regulatory process easier for them. The majority of businesses viewed state agency personnel as helpful in making suggestions on how to change things that might be out of regulatory compliance, and responsive when asked for assistance or in returning calls. Most did not offer suggestions for what could make the regulatory process easier, but some showed an interest in being involved in the regulatory process. Those businesses would like some sort of voice on the state level, and they would support some type of ombudsperson or advocate in state government to provide that voice.

Recommendations

After careful consideration of all relevant material and testimony, the Subcommittee on Small Business Regulation has formulated the following recommendations to be forwarded to the Interim Joint Committee on Economic Development and Tourism:

- (1) Require all state agencies to make small business aware of their rights under the federal Small Business Regulatory Enforcement Fairness Act of 1996.
- (2) Create a process by which the small business community in the Commonwealth is consulted directly in the development of regulations that affect their industry sector.
- (3) Create a state-level ombudsperson to aid small businesses in navigating the regulatory process.
- (4) Create a state-level Small Business Advocate position that will not only aid small businesses in navigating the regulatory process, but will also act as an advocate on behalf of the small business community.
- (5) Create a Small Business Advisory Committee and require state administrative bodies to consult with the committee when promulgating administrative regulations affecting small businesses.
- (6) Reauthorize the Subcommittee on Small Business Regulation to conduct further study.
- (7) Seek funding for an entrepreneurial impact audit for the entire state.
- (8) Examine the feasibility of requiring the Kentucky Employees Retirement System, the Kentucky Teachers Retirement System, the Legislative and

the Judicial retirement systems to set aside 1%-2% of assets for investment into privately managed venture funds.

- (9) Examine the feasibility of requiring the coal severance fund to set aside 1%-2% of the funds to be used in venture capital funds in the area of the coal producing counties, in addition to what the coal counties already receive.

APPENDIX I

1998 REGULAR SESSION HOUSE BILL NO. 780



98 RS HB 780/GA

GENERAL ASSEMBLY

COMMONWEALTH OF KENTUCKY

1998 REGULAR SESSION

HOUSE BILL NO. 780

MONDAY, MARCH 16, 1998

The following bill was reported to the Senate from the House and ordered to be printed.

AN ACT relating to small business.

WHEREAS, small business is the backbone of our state's economy; and

WHEREAS, administrative rules promulgated by state agencies can have an unduly burdensome impact on the growth and vitality of small business; and

WHEREAS, state agencies need to consult with the small business community when promulgating administrative regulations to better assess their impact and to consider alternatives that will ease the impact of administrative regulations on small business; and

WHEREAS, small businesses need to better utilize the administrative regulation review process to provide more input and to be aware of the impact of administrative regulations; and

WHEREAS, an administrative body's interpretation or application of its administrative regulations may also have a disproportionately burdensome impact on a small business especially when the small business lacks the resources to contest an administrative body's interpretation or application of an administrative regulation that imposes a fine, citation, or penalty;

NOW, THEREFORE:

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

1 Section 1. There is hereby established a Subcommittee on Small Business
2 Regulation of the Interim Joint Committee on Economic Development and Tourism. The
3 subcommittee shall conduct a study to:

- 4 (a) Review and identify administrative regulations of concern to small business
5 owners because of the economic burdens they places on businesses;
- 6 (b) Assess the degree of regulatory burden facing small businesses that creates an
7 undue barrier to the formation, operation, and expansion of small businesses in
8 a manner that outweighs the benefits to the public;
- 9 (c) Identify sources of information and programs that assist in regulatory and
10 reporting requirements for small businesses;

- 1 (d) Identify methods of regulation that are more collaborative, more solution-
2 oriented, and less punitive to small businesses; and
3 (e) Make recommendations regarding changes needed in regulations and
4 legislation.

5 The subcommittee shall seek information and advice from small business owners and
6 operators, government agencies involved in regulation, and others as appropriate.

7 Section 2. No later than August 31, 1999, the Subcommittee on Small Business
8 Regulation shall report its findings and recommendations, including proposals for
9 legislation, to the Interim Joint Committee on Economic Development and Tourism for its
10 referral to the Legislative Research Commission.

11 Section 3. Staff services shall be provided by the staff to the Legislative Research
12 Commission and are estimated to cost \$15,000. These staff services shall be provided
13 from the regular Commission budget and are subject to the limitations and other research
14 responsibilities of the Commission.

APPENDIX II

MEETING HISTORY

MEETING HISTORY

During the 1998-1999 interim, the Subcommittee on Small Business Regulation met jointly with the Task Force on Economic Development for all but the first and the fifth meetings.

Meeting 1

October 1998

Mr. Bobby Clark, Chairman of the Region IV Small Business Regulatory Fairness Board

The 1996 Small Business Regulatory Enforcement Fairness Act (SBREFA) and its

Implications for the Commonwealth.

Meeting 2

November 1998

Adjourned.

Meeting 3

February 1999

Mr. Tom Underwood, State Director of NFIB Kentucky

Small Business Problems and Priorities in the Commonwealth.

Mr. John Turner, Chairman of the Board of Directors of the Kentucky Chamber of Commerce.

Mr. Tony Sholar, Senior Vice President of Public Affairs for the Kentucky Chamber of Commerce

Regulatory Issues for Small Businesses from a Statewide Perspective

Mr. George Sotsky, Chairman of the AIK Board of Directors and President of Republic Industries

Workforce Education in the Manufacturing Field

Meeting 4¹

March 1999

Ms. Cathy Zion, President of the Louisville Chapter of the National Association of Women Business Owners

Issues and Needs of Women Business Owners Across the Country

Ms. Janet Holloway, Executive Director of the University of Kentucky Center for Entrepreneurship and State Director of the Kentucky Small Business Development Center Network

¹ During this meeting, a motion that a letter from the Subcommittee on Small Business Regulation and the Task Force on Economic Development be sent to the Governor requesting that he consider establishing within his office a Women Owned Business Advisory Council was passed by voice vote. The letter was signed by the chairs and delivered to the Office of the Governor on April 1, 1999.

Issues and Needs of Women Business Owners in the Commonwealth

Representative Susan Johns

Recommendations of the 1994 Task Force on Businesses Owned By Women and Possible Future Initiatives

Ms. Jeanie Brewer, Executive Director of the Women's Initiative Networking Group (WINGS)

Grass Roots Support for Women Entrepreneurs in the Commonwealth

Meeting 5

April 1999

Secretary John Y. Brown, III, Secretary of the State of Kentucky

Lisa Summers, Principle Assistant to the Secretary of State

Ron Bingham, Chief Project Manager, EMPOWER Kentucky

The Online One-Stop Business Licensing Service

Greg Copley, Director, Kentucky Business Environmental Assistance Program

The Kentucky Business Environmental Assistance Program

Patti Kirk, Deputy Commissioner, Department of Community Development

Small Business Assistance Initiatives Within the Kentucky Cabinet for Economic Development

Meeting 6²

May 1999

Gregory Karambellas, Committee Staff Administrator, Administrative Regulations and Review Subcommittee

Susan Wunderlich, Administrative Regulations Compiler, Administrative Regulations and Review Subcommittee

The Tiering Provision in KRS Chapter 13A and its Relevance to Small Businesses

Ken Patrick, Chief Operating Officer, Lexington Specialties

Developing and Maintaining Self-Supporting Businesses

Meeting 7

June 1999

Video Conference with the Board of Directors of the Washington State Unified Business Identifier System

Joe Dean, Arizona Small Business Advocate, Arizona Department of Commerce

² During this meeting, a motion that a letter be sent to the Kentucky Lottery Commission urging them not to expand into any new forms of gaming until the General Assembly could examine the issue during either a special or regular session was made. The motion was passed by the Task Force on Economic Development and defeated by the Subcommittee on Small Business Regulation. The letter from the Task Force on Economic Development was forwarded both to the Kentucky Lottery Commission and the chairs of the Interim Joint Committee on State Government.

Small Business Assistance Programs in the State of Arizona

Secretary James E. Bickford, Kentucky Natural Resources and Environmental Protection Cabinet

Small Business Assistance Within the Kentucky Natural Resources and Environmental Protection Cabinet

Meeting 8

August 1999

Kris Kimmel, President, Kentucky Science and Technology Corporation

Ten Strategies to Create an Innovation-Driven Entrepreneurial Economy in Kentucky

Michael Childress, Executive Director, Kentucky Long Term Policy Research Center

Major Findings of the Kentucky Long Term Policy Research Center's "Entrepreneurs and Small Business: Kentucky's Neglected Natural Resource"

Meeting 9

September 1999

Mr. Bobby Clark, Chairman of the Region IV Small Business Regulatory Enforcement Fairness Board

Federal SBREFA Measures and Recommendations for State-Level Action

Janet Holloway, Executive Director of the University of Kentucky Center for Entrepreneurship and State Director of the Kentucky Small Business Development Center Network

Mr. Steve Allen, Research Associate, University of Kentucky Center for Business and Economic Research

Ms. Betty King, Extension Specialist in Rural Economic Development, University of Kentucky College of Agriculture

A Survey of Issues and Challenges Facing Kentucky Businesses

Kim Wilson, Staff

Results of Surveys Conducted on Behalf of the Subcommittee on Small Business Regulation Regarding Overburdensome Regulations in the Commonwealth

APPENDIX III

SUBCOMMITTEE ON SMALL BUSINESS REGULATION SURVEYS

**Report on the Results of Small Business Surveys Conducted by the
Subcommittee on Small Business Regulation of the
Interim Joint Committee
On Economic Development and Tourism**

September 16, 1999

Introduction

During the 1998 regular session, the General Assembly passed House Bill 780, creating and stating a specific purpose for the Subcommittee on Small Business Regulation. Section one outlines the issues to be addressed by this Subcommittee. Specifically, the Subcommittee is charged with:

- Reviewing and identifying administrative regulations of concern to small business owners;
- Assessing the degree of regulatory burden facing small businesses that creates an undue barrier to the formation, operation, and expansion of small businesses;
- Identifying sources of information and programs that assist in regulatory and reporting requirements for small businesses;
- Identifying methods of regulation that are more collaborative, more solution-oriented, and less punitive to small businesses; and
- Making recommendations regarding changes needed in regulations and legislation.

Additionally, the bill states that the subcommittee shall seek information and advice from small business owners and operators, government agencies involved in regulation, and others, as appropriate.

As the interim has progressed, the Subcommittee has worked diligently to follow these requirements and to gather as much information as possible. However, one piece that is missing from the Subcommittee's research is the counsel and opinion of the small business community as a whole. In order to design recommendations or legislation that will benefit Kentucky small businesses, it is important to understand the issues that are unique to the Kentucky small business community. On July 14, 1999, the chairs of this Subcommittee decided to conduct a comprehensive survey of small businesses across the Commonwealth. The survey was to ask questions in four different areas: general regulatory burden, government responsiveness, regulatory conflicts, and regulatory violations and fines, and was designed to produce an accurate accounting of the experiences of Kentucky's small business community. After some examination of the logistics of this survey, a second survey was initiated. This second survey was sent to professional associations and chambers of commerce across the state in an attempt to ensure that all industries had a chance to share important ideas with the Subcommittee. This second survey was more policy-oriented, and allowed the Subcommittee to collect a set of information that would be immediately available to assist in the development of

recommendations or legislation to present to the Interim Joint Committee on Economic Development and Tourism.

Each of the surveys will be presented separately in this report, so that specific details may be gleaned from each. However, the end of this report will include a discussion of the conclusions that can be made when the results are taken together.

Small Business Survey

The small business survey is the primary survey and involves the largest number of surveyees and respondents. It was designed to understand small business' experience with regulatory requirements at both the state and federal level.

Methodology

The first step in designing this survey was to define "small business". Because 97% of all businesses in Kentucky are small businesses, staff had to decide on whether to use the Small Business Administration's definition of 500 or fewer employees, or develop another definition. Because most small businesses in Kentucky do number under 100 employees, and because in Kentucky, 500 employees is traditionally considered a large business, the chairs decided that, for the purposes of this survey, a small business is a firm with less than 100 employees.

Next, staff obtained a complete listing of small businesses in the Commonwealth from the Division of Unemployment Insurance (DUI). That list was broken down by industry type (4 digit SIC code) and by number of employees (0; 1-4; 5-9; 10-19; 20-49; 50-99). According to this information, 78,381 small businesses were operating in Kentucky in 1998.

Staff then had to decide whether to design the survey so that the results could be analyzed by industry type, by size of firm, or both. Initial calculations revealed that over 8,400 surveys would have to be mailed to obtain an adequate sample, if the survey was to be analyzed by employment size and industry type³. Moreover, staff estimated almost 3,500 surveys would have to be mailed to obtain an adequate sample based on industry type only. Given the cost considerations and time frame, the survey was designed so that the results could be analyzed by size only.

Once the analysis decision was made, the six original employment categories, were aggregated into three categories: a) less than twenty employees; b) twenty to forty-nine employees; and c) fifty to ninety-nine employees. This aggregation was made for ease of analysis and to make the most of the allotted time frame. Based on the DUI data, 89.7% of Kentucky's small businesses had less than twenty employees; 7.65% had between twenty and forty-nine employees and 2.65% had between fifty and ninety-nine employees. Staff anticipated that a 25% response rate was attainable from this survey, and that a 10% margin of error would be acceptable. Based on these two assumptions and

³ Given an expected response rate of 25% and assuming a 10% bound on the error of estimation.

the relative number of firms in each employment category, staff determined that it was necessary to obtain approximately 100 usable surveys in each category. To attain this number of responses, it was necessary to mail out a minimum of 1,200 surveys--approximately 400 in each employment category.

In total, 1,568 surveys were sent to small businesses in the Commonwealth. Based on this sampling methodology, 719 surveys were sent to firms with fewer than twenty employees (1% of the total firms of this size⁴); 435 were sent to firms with twenty to forty-nine employees (7.25% of the total firms of this size); and 414 were sent to firms with fifty to ninety-nine employees (approximately 20% of the total firms of this size). A total of 363 surveys were returned, leading to an overall response rate slightly greater than 23%. The response rate did vary by employment category, with almost 20% of those firms surveyed in the smallest employment category responding, 28% responding in the middle employment category, and 24% responding in the largest employment category.

Given the number of surveys returned, the relative response rates in each employment category, and the total number of firms in each category, staff then calculated the margin of error for the survey. The margin of error for the survey is (+/-) 6.3 percentage points at the 90% confidence level. In essence, the margin of error represents the range one would expect the response to be, if all businesses in Kentucky with less than 100 employees were surveyed.

Rationale

The questions in this survey were designed to examine the respondents' experience in four different categories, general, state government responsiveness, regulatory conflicts, and regulatory violations and fines.

- In the “General” section, the questions were designed to determine what regulatory areas are most burdensome for small businesses in the Commonwealth, and generally how government regulatory requirements affect their businesses.
- In the “State Government Responsiveness” section, the questions were designed to illustrate what kinds of experiences small businesses have had in dealing with state government agencies and what, if any, resources they used in starting their businesses.
- In the “Regulatory Conflicts” section, the questions were designed to determine the degree to which Kentucky small businesses had to deal with conflicts between state and federal regulations and between regulations from different state agencies.
- In the “Regulatory Violations and Fines” section, the questions were designed to determine the number of fines levied in the small business community, the monetary value of those fines, whether businesses sought to appeal those fines, and, if not, why not.

⁴ The DUI requested that the number of addresses requested be expressed as a percent of the total firms in each employment category. For the smallest employment category, staff requested .6% of the total, which would have led to 414 surveys being sent out to these firms. However, the smallest percent that could be extracted for a particular employment category was 1%; thus a larger than necessary number of surveys were mailed to firms with less than 20 employees.

- Finally, an open-ended question was included at the end of the survey. This question was designed to give small businesses an opportunity to suggest to the Subcommittee their advice about what changes would make their experience with the regulatory process easier and more productive.

Results

This survey received 363 responses in all, and each question's response varies a bit from this number. Not every respondent answered every question, and some questions were directed only to those giving a specific answer to a previous question.

For each question, total results, as well as results by size category, are reported. Please see Appendix 1 of this report for the actual survey form and questions.

Question 1 (n=227)

Question 1 asked the respondent to rank the regulatory areas that most affect their business. Most often, the choice “other” was ranked number one. In fact, it was ranked a “1” or “2” by all size groups. When choosing “other”, the respondent was asked to specify exactly what regulatory area most affected their business. Banking regulations, federal Mine Safety and Health Administration regulations, and Planning and Zoning or Building Code regulations were the top three choices. When the results of question one were examined by employee group, “none” was ranked a “1” or a “2” by the larger size groups, and “employee taxation regulations” was ranked second most important by the smallest employment size (fewer than twenty employees). All in all, the areas that most affect the small businesses surveyed are the areas specific to the company’s industry. A complete list of the regulatory areas listed under "Other" can be located in Appendix 2 of this report.

Question 2 (n=347)

Question 2 asked respondents how government regulatory requirements have affected their business overall. 45% said that government regulatory requirements have hurt their business somewhat. 44% of those who chose “hurt significantly” were businesses with less than twenty employees. Additionally, 60% of those who chose “helped significantly” were of the largest size category, fifty to ninety-nine employees.

Question 3 (n=355)

Question 3 asked respondents if state government personnel responded in a timely manner when they called for information. A majority of respondents either agreed or strongly agreed with the statement, “When I telephone a state government agency for information, my call is answered in a timely manner”. When results were examined by size group, it was found that 53% of those responding “haven’t done this” were businesses with fewer than twenty employees. However, that 53% represents only 15% (20 respondents) of the total number of businesses with fewer than twenty employees that responded to the question.

Question 4

(n=353)

This question asked respondents about state government responsiveness when they called for assistance. Again, the respondents generally agreed that they received the necessary assistance in a timely manner. When analyzing by size group, staff found that, again, 53% of those who chose “haven’t done this” were businesses with fewer than twenty employees and that, again, this represented a relatively small percentage (17%) of the total number of businesses with fewer than twenty employees that responded to the question. Additionally, 46% of those who chose “disagree strongly” were businesses with fewer than twenty employees.

Question 5

(n=351)

Question 5 asked respondents whether state government personnel that inspected their business were helpful in offering suggestions on how to change things that might be out of compliance. 29% of the respondents had no experience with state government inspections. Of those that did have experience with inspections, 28% said they “agreed somewhat” that agency personnel were helpful when visiting for an inspection. 41% of the respondents with fewer than twenty employees have not had any experience with state government personnel visiting their company. Those respondents constituted 54% of those responding that they had no experience with state government inspections.

Question 6

(n=194)

Question 6 asked respondents to share what types of programs or agencies they had used when starting their business or since their business has been in operation. 55% of respondents have used some type of government publication or internet site. Results of this question were relatively uniform and evenly distributed by size group.

Question 7

(n=350)

With question 7, the survey moved toward an examination of more specific experiences, rather than general opinions. Question 7 asked if the respondent had, in the last five years, experienced a conflict between the requirements of state and federal regulations. 69% said they had not had such an experience. Results of this question were relatively uniform and evenly distributed by group.

Question 8

(n=349)

Question eight asked if the respondent had, in the past five years, experienced a conflict in the requirements of two state government regulations. A majority of the respondents (79%) said that they had not had such an experience. However, 42% of those with fewer than twenty employees said they *had* experienced such a conflict.

Question 9
(n=355)

Question 9 asked respondents if they had been fined for violating an agency (state or federal) regulation in the last five years. 86% said they had not been fined in the last five years. When these results were broken down by size group, the highest percentage (92%) of those choosing “no” were businesses with fewer than twenty employees.

Question 10
(n=38)

Question 10 was addressed only to the small percentage of those who indicated that they had been fined in the last five years. The respondents were asked how much they were fined. 63% (24 respondents) of those fined had received fines between \$100 and \$2000. 11% (4 respondents) reported fines in excess of \$10,000 and 5% (2 respondents) reported fines over \$5000.

Question 11
(n=47)

Question 11 asked respondents if they appealed their fines. 32% indicated that they did indeed appeal their fines.

Question 12
(n=32)

Question 12 addressed the 68% of respondents that indicated they did not appeal their fines. The question asked why they did not appeal their fines and gave five choices. This highest percentage (37%) of respondents indicated they did not have time to go through the appeal process. The next highest percentage (22%) indicated that they thought the appeal process was too expensive. 20% indicated they did not appeal their fines because they did not object to the fine. When these results were broken down by size group, 50% of those who did not object to their fines were in the group who have twenty to forty-nine employees. 42% of those with fewer than twenty employees indicated that they did not have time to go through the appeal process.

Question 13
(n=363)

Question 13 is an open-ended question that asks respondents to explain what actions they think are necessary to make the regulatory process easier for their company. 64% of the respondents either did not answer the question or did not have an opinion. 18% suggested reducing paperwork, reducing the number of regulations, reducing “red tape”, or reducing government in general. Other suggestions, including more information on the internet and business owner involvement in the regulatory process received significantly less support, with 4% and 5% respectively.

Conclusions

This survey produced a number of interesting results. First, this survey addressed an important question asked by Section 1 of HB 780: Assess the degree of regulatory burden facing small businesses. According to question two, 62% of respondents agree

that regulatory requirements have had some sort of negative effect on small businesses in the Commonwealth. Second, the responses to this survey suggest that, in general, Kentucky's small businesses are satisfied with the responsiveness of state government agencies and personnel, but that the smallest businesses generally do not call on state government agencies for assistance. Third, this survey suggests that most small businesses in Kentucky that have been fined do not choose to appeal those fines, and generally they decline because of the time involved in such a process. Finally, nearly 20% of small businesses responding to question 13 suggest that reduced paperwork, reduced numbers of regulations, reduced taxes, reduced "red tape", and reduced government are the answers to making the regulatory process easier for their companies.

Survey of Associations and Chambers of Commerce

Because the small business survey was unable to account for the opinions of different industry groups, a second survey of professional associations and chambers of commerce was implemented. This survey is much less scientific in methodology, and is more open-ended in format. This survey is designed essentially to fill in the blanks that the small business survey left unanswered.

Methodology

This survey was sent to 125 chambers of commerce across the state, as well as 237 professional and trade associations. The associations selected were chosen because they represent a sector of the small business community. The names and addresses of the respondents were provided to the Subcommittee by Clark Publishing Company. Staff received a 14% return from this survey; a list of those organizations responding to the survey can be found in Appendix 3 of this report.

Rationale

The questions in this survey were designed to explore the groups' concerns regarding government regulatory requirements. Because this survey was sent to business organizations, it was designed to focus on policy concerns and recommendations, as opposed to the experiential focus of the small business survey. For this reason, the survey is divided into only two categories: General and Policy Issues. The majority of the questions are open-ended, and the results were tabulated by hand. Appendix 1 of this report includes the survey form and questions.

Results

Generally, this survey confirmed and expanded on the results of the small business survey. General bureaucracy was a problem for many businesses represented by these groups, and most would like to see some sort of regulatory relief.

Question 1
(n=45)

Question 1 asked what kinds of businesses the particular organization represents. 29% of respondents chose “other” when asked what types of businesses their organization represents. A list of the groups represented by “other” can be found in Appendix 4 of this report. Ranked second after “other”, are organizations that represent “service” industries, and ranked third are organizations that represent the “retail” industry.

Question 2
(n=51)

Question 2 asked respondents what kinds of regulatory problems their membership has encountered. 39% of respondents listed problems in the “General Bureaucracy.” category. Because “general bureaucracy” is a wide-ranging phrase, staff broke the results down into subcategories. “No understanding of the impact on industry” was cited the most, at 20%. 15% cited “overregulation” as their most important problem. “Complex language”, “too much paperwork”, and “less government” each accounted for 10% of the 39% titled “general bureaucracy”. After “general bureaucracy”, “health care regulations and reform” accounted for 20% of the responses, “disregard for KRS Chapter 13A” accounted for 14% of the responses, and “Very few or no problems” accounted for 8% of the responses.

Question 3
(n=56)

Question 3 asked the respondents what actions they feel are necessary to fix the problems they cited in question two. The number one response (27%) contains comments that seek to fix policies or regulations particular to an industry group. Of the more general results, “regulatory relief or simplification” tops the list, at 20%. Second, 18% suggest the implementation of an ombudsman or some sort of government intervention to aid their members. Finally, 16% of respondents suggest the involvement of industry in the regulatory process as their solution. Single digit suggestions include increasing state government manpower, mirroring other states, reducing government, and changing the current approach to insurance industry audits.

Question 4
(n=46)

Question 4 asked respondents if their members are aware of their rights under the federal Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA). 48% of respondents said their members were not aware of those rights and another 24% said they did not know if their members were aware of those rights. 28% of respondents thought their members were aware of their rights under SBREFA.

Question 5
(n=46)

Question 5 asked respondents if Kentucky should enact legislation similar to the federal SBREFA. 43% said yes, similar legislation should be enacted. Another 41% said

they did not know if such legislation should be enacted. 15% definitely said no to the enactment of similar legislation.

Secondly, for those that responded yes, the survey asked why respondents thought similar legislation should be enacted (n=21). 52% responded that enacting similar legislation at the state level would "give small business a voice". 24% cited "protection" as a reason for the legislation. 19% said similar legislation should be enacted to prevent overburdensome regulations, and another 5% cited "agency accountability" as a reason for similar legislation.

Question 6 (n=41)

Question 6 asked respondents if their membership would benefit from a state government level ombudsman. 69% responded that an ombudsman would be beneficial, while 31% said an ombudsman would not be beneficial.

For those respondents that answered yes, the survey asked what activities the ombudsman should undertake on behalf of their membership (n=32). 70% of those responding said the ombudsman should "develop and protect small business". This category includes responses such as "provide information", "clear red tape", and "act as a reference when we need assistance". 21% cited miscellaneous tasks, including fixing or advocating for particular groups or policies. Finally, "lobbying" was cited by 9% of respondents. (Though lobbying can certainly be included in "developing and protecting small business", staff felt that it was mentioned enough times to warrant a separate category.)

Conclusions

This survey represents a wide array of industries and groups and advocates for their particular interests. According to this survey, general bureaucratic concerns, such as red tape and paperwork, are the main regulatory problems for businesses represented by the respondents. Though not a majority, 38% suggest they would like to see some sort of government intervention to solve these problems, either in the form of regulatory relief or in the form of an ombudsman. Their suggestions also advocate going a step further and offering some sort of representation, development, and protection of small business on the state level.

On the issue of existing federal legislation designed to aid small businesses, a majority of respondents (70%) felt that their membership is unaware of their rights. 44% of respondents support the enactment of similar rights on the state level.

Putting it all Together

Together, the surveys present a picture of the regulatory climate in the state's small business community. Both surveys suggest a concern about general bureaucracy including red tape, excessive regulation, excessive paperwork, and complex language. Both surveys suggest that regulators often do not have an understanding of the impact

their regulations will have on the industries they regulate. However, the degree to which these concerns represent a mandate for action is unclear, as neither survey represents a majority opinion.

Likewise, both surveys offer similar suggestions to remedy their common problems. Both suggest the inclusion of small business in the regulatory process. Both suggest some sort of regulatory relief or simplification of the regulatory process and both suggest an increased availability of information, either on the Internet or through increased state government communications.

Finally, the association survey results generally support the notion of some sort of ombudsman or government intervention. Many of the association respondents ask for someone to “cut red tape for us” and for someone to “act as a liaison”. Though not a majority, many small business survey respondents feel that an important reason fines are not appealed is that the business owner does not have time to go through the appeal process. Results from the final question of the small business survey suggest that regulatory relief, better availability of information, and improved communication with state agencies might be helpful. According to the results of both surveys, respondents support some sort of government intervention, including but not limited to the creation of a state government level ombudsperson.

APPENDIX I

Subcommittee on Small Business Regulation Small Business Survey

INTRODUCTION

This survey is designed to educate the Subcommittee on Small Business Regulation regarding concerns about government requirements of small business. Throughout this survey, you will see the words "regulatory" and "regulatory requirement". For our purposes, these terms refer to government (federal, state, local) requirements or forms to which your company must adhere or complete on a regular basis.

Your response is completely confidential and will only be reported in summary form to the Subcommittee on Small Business Regulation. The number in the upper right hand corner of this survey is intended only to track unreturned surveys to eliminate unnecessary follow-up communications. It will not be used to identify you or your business in any other way.

GENERAL

1. Which of the following regulatory areas most affect your business?
(Please rank the three most important items with 1 being the area that most affects your business and 3 being the area that is third most important.)

Environmental Regulations.....
Transportation Regulations.....
Employee Taxation Regulations.....
Insurance Regulations.....
Health Department Regulations.....
Labor Regulations.....
OSHA Regulations.....
Other (Please Specify).....
None.....

2. Overall, how have government regulatory requirements affected your small business?

Helped Significantly.....
Helped Somewhat.....
No Effect.....
Hurt Somewhat.....
Hurt Significantly.....

STATE GOVERNMENT RESPONSIVENESS

(Please indicate the extent of your agreement or disagreement with statements 3, 4, and 5.)

	Agree Strongly	Agree Somewhat	Undecided	Disagree Somewhat	Disagree Strongly	Haven't Done This
3. When I telephone a state government agency for information, my call is answered in a timely manner.						
4. When I call a state government agency for assistance, I receive the assistance in a timely manner.						
5. When state agency personnel come to inspect my business, they offer helpful suggestions on how to change things that might be out of regulatory compliance.						

(OVER)

6. I have used the following programs or agencies either when deciding to start a business or since my business has been in operation.
(Please check all that apply.)

Small Business Development Centers
Tax Incentives.....
Government Publications
Small Business Grants.....
Government Backed Loans.....
Government Internet Sites.....
Other (Please Specify).....

REGULATORY CONFLICTS

7. In the past 5 years, have you experienced a time when state and federal regulations conflicted?

Yes.....
No.....

8. In the past 5 years, have you experienced an instance when your compliance with the regulations of one state agency conflicted with those of another state agency regarding the same aspect of your business?

Yes.....
No.....

REGULATORY VIOLATIONS AND FINES

9. In the past 5 years, have you been fined for violating an agency (state or federal) regulation?

Yes.....
No.....

(If yes, go to question 10. If not, skip to question 13.)

10. How much were you fined for the violation?

11. Did you appeal the fine?

Yes.....
No.....

If yes, what was the result?

12. If you did not appeal your fine, why not?

(Please check the most important reason below)

I did not object to the fine
The appeal process was too expensive
I did not have time to go through the appeal process.....
I feared the agency would retaliate against me.....
Other (Please specify).....

13. What actions do you think are necessary in order to make the regulatory process easier and more effective for your company
(Please feel free to attach a separate sheet of paper if you would like to comment at length.)

Please forward to Kim Wilson, Capitol Building, Room 405, Frankfort, Kentucky 40601 by AUGUST 20, 1999

**Subcommittee on Small Business Regulation
Association Survey**

INTRODUCTION

This survey is designed to educate the Subcommittee on Small Business Regulation of the Interim Joint Committee on Economic Development and Tourism about concerns regarding government requirements of small business. Please answer this survey as a representative of your organization, giving either agreed-upon policy statements or answers representative of the feelings of your organization.

GENERAL

1. What types of businesses does your organization represent?
(Please check all that apply)

- ☐ Retail
- ☐ Wholesale
- ☐ Manufacturing
- ☐ Service
- ☐ Medical
- ☐ Other (Please specify) _____

POLICY ISSUES

(For this section, please do not hesitate to attach a separate sheet of paper if you would like to comment at length on any or all of the following questions.)

2. In light of the issues that face your membership, what kinds of regulatory problems have your members encountered?

3. What actions do you think are necessary in order to correct the problems you identified in question 2?

(OVER)

(Questions 4 and 5 refer to the Small Business Regulatory Enforcement Fairness Act of 1996. Rights granted under this act include the right to seek attorney's fees and costs when a federal agency has been found to be excessive in its enforcement of federal regulation, the right to seek judicial review if a federal agency has not complied with federal analysis and disclosure obligations, and the right to confidentially complain about perceived enforcement violations of a federal agency.)

4. Generally, is your membership aware of their rights under the federal Small Business Regulatory Enforcement Fairness Act (SBREFA)?

- ☐ Yes
- ☐ No
- ☐ Don't Know

5. Do you think the state should enact similar legislation?

- ☐ Yes
- ☐ No
- ☐ Don't Know

If yes, why?

6. Do you think your membership would benefit from an ombudsperson located within state government who would act as a liaison between government and small business?

- ☐ Yes
- ☐ No

If yes, what activities would you like to see this person undertake on behalf of your membership?

*Please forward to Kim Wilson, Capitol Building Room 405, Frankfort, KY 40601 by **August 27, 1999***

APPENDIX II

“Other” Designations for Question 1

Banking Regulations were quoted by 6 respondents

Mine Safety and Health Administration (MSHA) Regulations were quoted by 4 respondents.

Planning and Zoning and Building Code Regulations were quoted by 3 respondents.

Workers Compensation Regulations were quoted by 3 respondents.

Child Support Regulations were quoted by 3 respondents.

Alcohol and Beverage Control Regulations were quoted by 2 respondents.

Cabinet for Health Services Regulations were quoted by 2 respondents.

Facility Licensure Regulations were quoted by 2 respondents.

IRS/Department of Revenue Regulations were quoted by 2 respondents.

Single Responses:

- Department of Agriculture
- Medicaid
- Federal Trade Commission
- “Medical Jurisprudence”
- Pharmacy
- Unemployment
- Department of Education
- Health Insurance
- Federal Drug Administration
- Public Service Commission
- “Lawyers and Liability Suits”
- Federal and State Regulations Pertaining to Long-Term Care, PPS, and Healthcare Provider Tax
- Petroleum Tax
- Health Spa Registration

APPENDIX III

Responding Associations and Chambers of Commerce

Associations

Kentucky Restaurant Association
Kentucky Community Development Society
Independent Electrical Contractors Association
Kentucky Premium Finance Association
Burley Auction Warehouse Association
Kentucky Coal County Coalition
Kentucky Pharmacists Association
Kentucky Coal Association
Association of Retail Travel Agents
Independent Pet Dealers Association
Kentucky Staffing Services Association
Dairy Products Association
Kentucky Public Home Health Alliance
Kentucky Podiatric Medical Association
Kentucky Auto and Truck Recyclers
Kentucky Medical Equipment Suppliers Association
Kentucky Fabricare Association
Kentucky Osteopathic Medical Association
National Federation of Independent Businesses
Kentucky Fire Sprinkler Contractors Association
American Orthotic and Prosthetic Association
Kentucky Tobacco and Candy Association
Kentucky Dental Hygienists' Association
Kentucky Association of Professional Archaeologists
Kentucky Association of Maintenance Engineers
Kentucky Association of Orthodontists
Kentucky Dental Association
Kentucky Association of Highway Contractors
Kentucky Medical Society
Kentucky Association of Plumbing-Heating-Cooling Contractors
Kentucky Bankers Association
Kentucky Retail Federation
Kentucky Grocers Association
Kentucky Auto Dealers Association
Kentucky Farm Bureau Federation
Kentucky Forest Industries Association
American Association of Truckers
Independent Electrical Contractors Association

Chambers of Commerce

Lee County Chamber of Commerce
Bardstown/Nelson County Chamber of Commerce
Grayson Area Chamber of Commerce
Morgantown/Butler County Chamber of Commerce
Grant County Chamber of Commerce
Anderson County Chamber of Commerce
Fern Creek Area Chamber of Commerce
Elizabethtown/Hardin County Chamber of Commerce
Somerset/Pulaski County Chamber of Commerce
Paris/Bourbon County Chamber of Commerce
Mayfield/Graves County Chamber of Commerce
Henderson/Henderson County Chamber of Commerce


APPENDIX IV

"Other" Designations for Question 1

Maintenance Engineers
Dental Offices/Member Dentists
Highway Construction
Banking/Financial
Dairy Farmers
Local Government
Mining
Community Development Scholars and Practitioners
Restaurants and Food Service
Farming and Insurance
Archaeological Consultants
Auto Salvage

APPENDIX V

Small Business Survey



Subcommittee on Small Business
Regulation
September 16, 1999

The Survey

- Purpose
 - HB 780
 - Recommendations
 - 2 Separate Surveys

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Methodology

- Survey Sample
 - Size
 - Stratification
- Questions
 - Rationale

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Question 1: Which of the Following Areas Most Affects Your Business?

- “Other” ranked 1 most often.
 - Ranked 1 or 2 by all size groups
- “None” second in rankings
 - Ranked 1 or 2 by the biggest group
- “Employee Taxation” ranked 2 overall by smallest group (0-19 Employees)
- OHSA, Labor, and Environment ranked among the lowest in all groups

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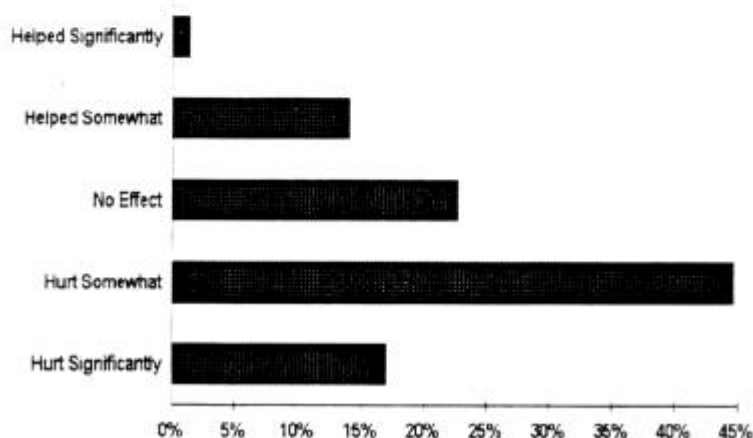
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Question 1: Which of the Following Areas Most Affects Your Business?

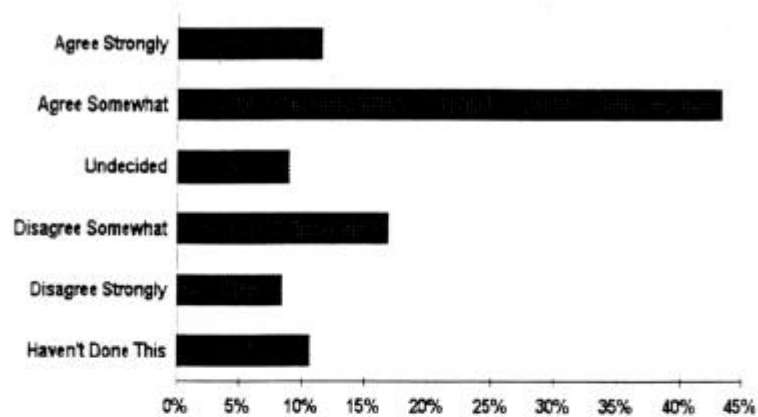
- “Other”
 - Banking Regulations 6 respondents
 - Mine Safety and Health Admin. Regs 4 respondents
 - Planning and Zoning 3 respondents
 - Workers Comp Regulations 3 respondents
 - Child Support Regulations 3 respondents
 - ABC Regulations 2 respondents
 - Facility Licensure Regulations 2 respondents
 - IRS/Dept. of Revenue Regs 2 respondents

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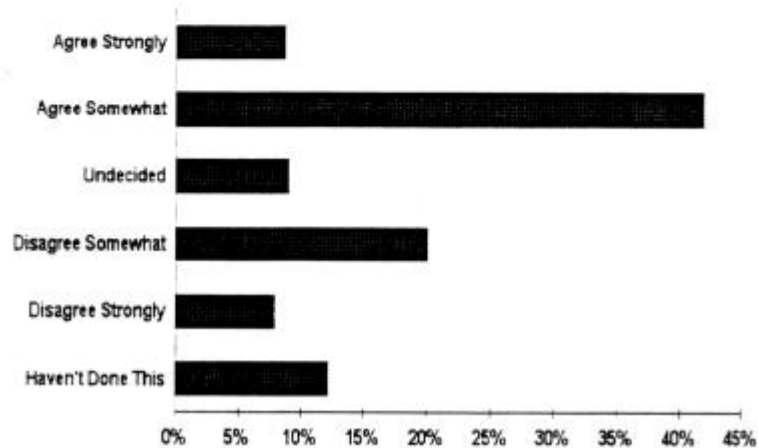
Question 2: Overall, how have government regulatory requirements affected your small business?



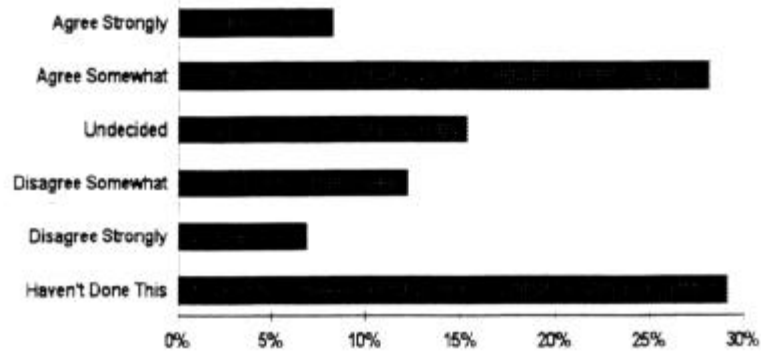
Question 3: When I telephone a state government agency for information, my call is answered in a timely manner.



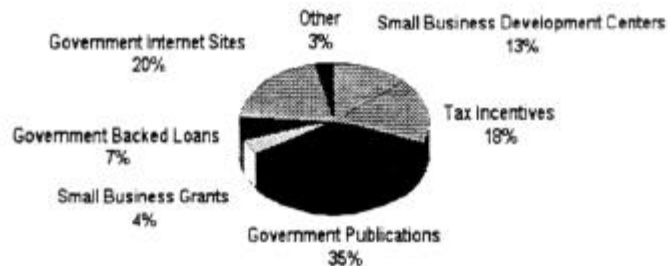
Question 4: When I call a state government agency for assistance, I receive the assistance in a timely manner.



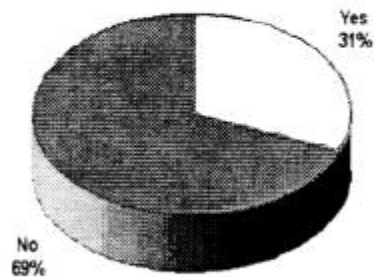
Question 5: When state agency personnel come to inspect my business, they offer helpful suggestions on how to change things that might be out of regulatory compliance.



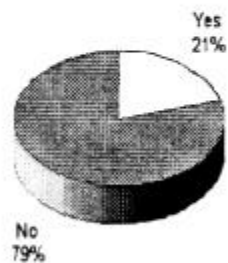
Question 6: I have used the following programs or agencies either when deciding to start a business or since my business has been in operation.



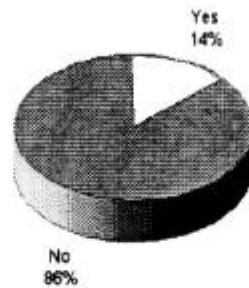
Question 7: In the past 5 years, have you experienced a time when state and federal regulations conflicted?



Question 8: In the past 5 years, have you experienced an instance when your compliance with the regulations of one state agency conflicted with those of another state agency regarding the same aspect of your business?



Question 9: In the past 5 years, have you been fined for violating an agency (state or federal) regulation?



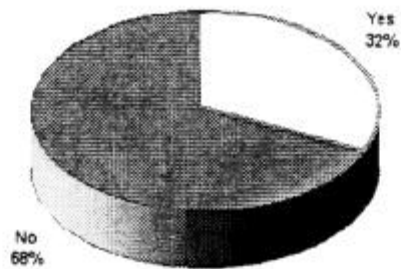
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Question 10: How Much Were You Fined?

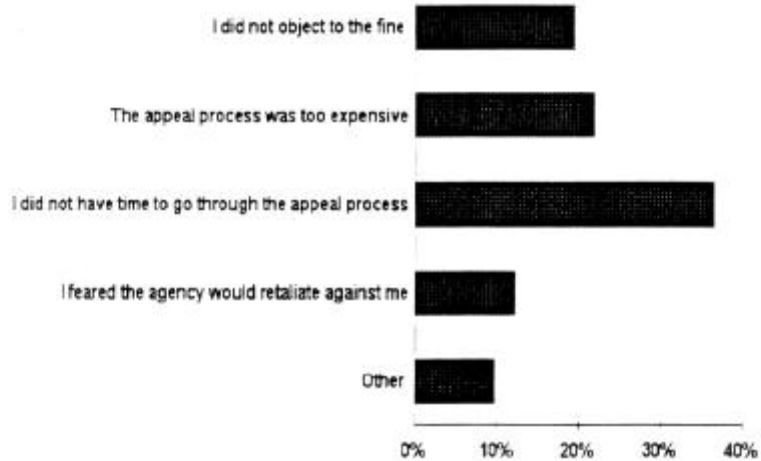
- 38 Respondents
 - 24% had fines between \$501 and \$1000
 - 21% had fines between \$1001 and \$2000
 - 18% had fines between \$100 and \$500
 - 11% had fines in excess of \$10,000
 - 8% had fines between \$4001-\$5000
 - 5% had fines between \$5001 and \$10,000
 - 5% had fines under \$1000

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Question 11: Did you appeal the fine?



Question 12: If you did not appeal your fine, why not?



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Question 13: What Actions Do You Think Are Necessary to Make the Regulatory Process Easier?

- 64% Either did not answer or had no comment
- 18% Suggested reducing the number of regulations, paperwork, taxes, red tape, or government in general.
- 4% Wanted information to be more readily available on the internet
- 3% Suggested business owners be consulted on proposed regulations
- 2% Suggested communications with agencies should be easier.

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Conclusions

- Regulations *have* had a negative effect
- Generally, small businesses are happy with state government responsiveness
- No large conflicts in regulatory requirements
- Most do not appeal fines due to time
- Most suggest reduction in regulations, paperwork, red tape, and taxes.

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Associations and Chambers of Commerce

- Why?
- Methodology
- Questions and Rationale

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Question 1: What Types of Businesses Does Your Organization Represent?

- “Other” 29%
 - Maintenance Engineers
 - Dental Offices/Member Dentists
 - Highway Construction
 - Banking/Financial
 - Dairy Farmers
 - Mining
 - Restaurants/Food Service
 - Farming and Insurance

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Question 2: What Kinds of Regulatory Problems
Have Your Members Encountered?

- Health Care Regulations/Reform 20%
- Disregard for KRS Chapter 13A 14%
- Very Few or No Problems 8%

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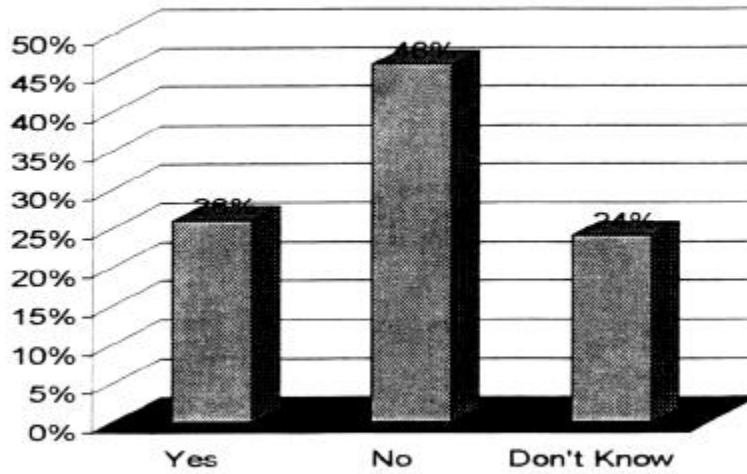
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Question 3: What Actions are Necessary to Correct
the Problems in Question 2?

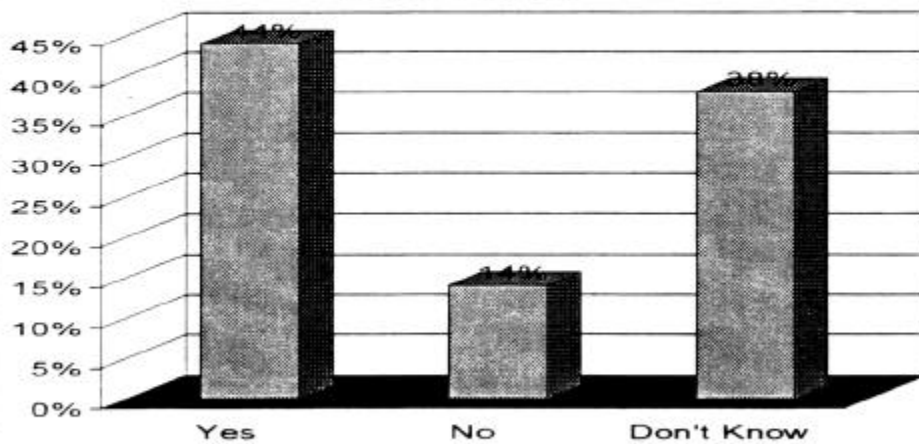
- Change Specific Policies/Regulations 27%
- Regulatory Relief/Simplification 20%
- Ombudsman/Government Intervention 18%
- Involve Industry in the Regulatory Process 16%
- Increase Manpower 7%
- Mirror Other States 4%
- Reduce Government 4%
- Change Approach to Audits 4%

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Question 4: Are KY Companies Aware of Their Rights Under SBREFA?



Question 5: Should KY Enact Similar Legislation?



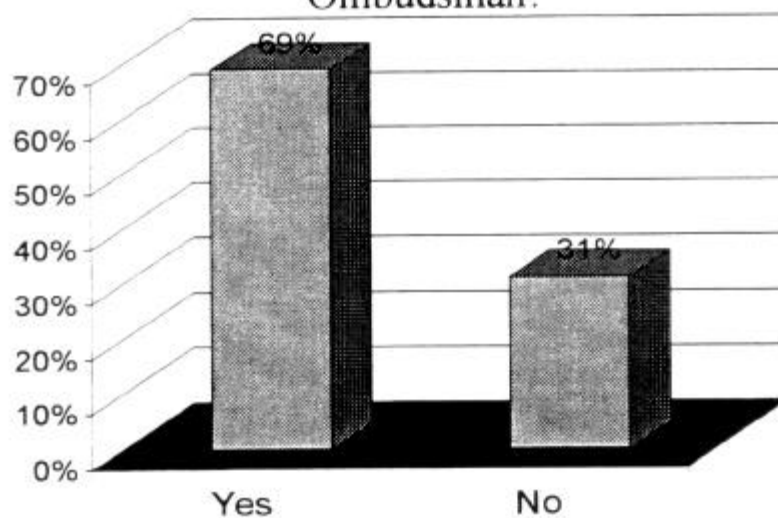
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Question 5: If Yes, Why?

- To Give Small Business A Voice 52%
- Protection 24%
- To Prevent Overburdensome Regs 19%
- To Encourage Agency Accountability 5%

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Question 6: Would We Benefit From a State-Level Ombudsman?



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Question 6: What Activities Should This Person Undertake on Your Behalf?

- Develop and Protect Small Businesses 70%
- Miscellaneous 21%
- Lobbying 9%

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General Conclusions

- “General Bureaucracy” biggest problem
- Some sort of government intervention to solve
 - Regulatory Relief
 - Ombudsman
- Representation, Development, Protection on State Level
- SBREFA
 - Lack of Knowledge
 - Support for Ideas

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Pulling It All Together

- General Bureaucracy
 - Red Tape
 - Overregulation
 - Excessive Paperwork
- Small Business Involvement in Process
- Regulatory Relief/Simplification
- Increased Information/Communication
- Government Intervention/Ombudsman

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Small Business Survey



Subcommittee on Small Business
Regulation

September 16, 1999

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