

**Congress of the United States**  
**U.S. House of Representatives**  
**Committee on Small Business**  
2361 Rayburn House Office Building  
Washington, DC 20515-6515

April 12, 2021

The Honorable Joseph R. Biden, Jr.  
President of the United States  
The White House  
1600 Pennsylvania Avenue, NW  
Washington, DC 20500

The Honorable Janet L. Yellen  
Secretary  
United States Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

The Honorable Isabel Casillas Guzman  
Administrator  
United States Small Business Administration  
409 Third Street, SW  
Washington, DC 20416

Dear President Biden, Secretary Yellen, and Administrator Guzman:

As your Administration takes office, it is imperative to recognize the delicate situation small businesses currently find themselves. Through no fault of their own, small businesses, entrepreneurs, and startups across the country face extreme obstacles threatening their livelihoods. In order to protect against COVID-19, small businesses have been forced to comply with altered operating requirements and state and local municipal shutdowns. With these businesses operating on the slimmest of margins, any changes can have devastating implications. It can make the difference between staying open and turning off the lights permanently. It is paramount that as this recovery continues to take shape, we must ensure that small businesses have the tools to rebuild and the ability to operate independently.

Prior to COVID-19, small businesses were reaching new heights. With pro-growth policies in place from the previous Administration and Congress, small businesses were optimistic and projecting confidence. Thanks to tax reform legislation and a smart regulatory approach that did not burden or hinder their operations, small businesses were actively and aggressively transforming their communities and neighborhoods. Unfortunately, COVID-19 roared ashore and small businesses were the collateral damage, smothered by a multitude of fluctuating government-mandated protective requirements. In response, the federal government

led by the U.S. Small Business Administration and the U.S. Department of the Treasury delivered unprecedented assistance to the nation's smallest firms. Through quick action and a heavy reliance on private sector lending partners, the Paycheck Protection Program, also known as PPP, provided an incredible surge in necessary cash flow to employers and their employees. This approach blunted some of the deepest effects of the emergency period. Small businesses are resilient in nature and with the assistance provided through the PPP, they can persevere. The SBA and the Department of the Treasury should be commended for their historic partnership and outstanding results.

While impressive, we must collectively look beyond federal actions taken during the emergency period and strive to return to a small business environment that encourages job creation, growth, and expansion. Further shutdowns or misguided policies that hinder their ability to operate independently are counterproductive and thwart progress towards economic revival.

It is frequently said but cannot be overstated that small businesses and their employees are some of the hardest working Americans. These businesses embody the American Dream; in this country, a seed of an idea can blossom into a thriving, productive enterprise through hard work, grit, and determination. However, because small businesses historically operate on the margins, any change in regulations can affect a small business's fortunes despite its best strategic planning efforts and prudent decision making. A one-size-fits-all federally mandated increase to double the minimum wage will undoubtedly result in grave consequences, foreseen and unforeseen, to these small businesses. Such an increase will simply require small businesses to pay their employees with dollars they do not have. It is unreasonable and irresponsible to force them to use non-existent funds for this purpose, especially in the current environment when they are struggling to stay afloat.

The best way to ensure small businesses prosper is to allow small businesses, entrepreneurs and startups to freely make decisions and innovate. The magic of the small business ecosystem is in the collective impact of all small businesses on our economy. Given their reduced employee size, *all* is the key word when it comes to small businesses. We must not adopt exclusionary or hierarchical principles that diminish the powerful aggregate effect of small businesses on our economy. To hold back certain businesses based on uncontrollable factors is to restrain our own economic recovery. In order to propel this country forward, we must provide a fair, free, egalitarian environment for all small businesses to be transformative, to reach their full potential regardless of sex, race, color, or creed.

Furthermore, small businesses of all types rely on fair and accessible access to financial services to expand operations, meet demand, and maintain a healthy and thriving business. Financial regulations should follow clear rules of the road for both businesses and lenders to ensure robust economic growth and prosperity. Actions under the Obama Administration regarding Operation Chokepoint, which eliminated financial access for legally operating businesses, is not only an abuse of administrative authority, but also a hindrance on economic growth and freedom. To ensure the American economy can reach its pre-pandemic success, a fair, clear, and concise financial regulatory landscape is imperative.

Unfortunately, recent actions undertaken by your office threaten the security of a pared-back, streamlined regulatory landscape that directly contributed to the explosive pre-COVID growth experienced by small businesses. Executive Order 13992<sup>1</sup> dismantles a series of responsible regulatory reforms implemented by the previous Administration that reduced regulatory burdens, decreased the size of government, cut costs, and enhanced agency transparency. For instance, the previous Administration's Executive Order 13771<sup>2</sup> which created the 2-for-1 rule requiring agencies to repeal two regulations for every new one eliminated \$198 billion in regulatory costs from 2017-2020,<sup>3</sup> enabling business to reinvest such savings towards their own growth. Reversal of this and similar measures undermines the Nation's recovery efforts by reaffirming the potential imposition of questionable regulatory measures that may result in large and rapidly growing costs on our economy and on small businesses especially. We will be monitoring these actions to make sure your Administration follows the proper steps in the formal rulemaking process and does not prematurely enforce guidance that would lead to bureaucratic over-reach. We saw how this practice turned out during the Obama administration, and we hope these types of missteps will be avoided.

We must strive for a smart regulatory, tax, and capital access environment that allows small businesses to provide the highest level of service to their customers and their communities. Rather than sacrificing valuable time and resources on managing paperwork, bureaucratic red tape, and compliance burdens, small businesses should be concentrating on building the next great American service or product. I look forward to working with you and my colleagues to further promote these and other pro-growth policies.

Sincerely,



Blaine Luetkemeyer  
Ranking Member

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<sup>1</sup> Exec. Order No. 13,992, 86 Fed. Reg. 7049 (Jan. 20, 2021).

<sup>2</sup> Exec. Order No. 13,771, 82 Fed. Reg. 9339 (Jan. 30, 2017).

<sup>3</sup> OFF. OF INFO. & REG. AFF., *Regulatory Reform under Executive Order 13771: Final Accounting for Fiscal Year 2020*, available at [https://www.reginfo.gov/public/pdf/eo13771/EO\\_13771\\_Final\\_Accounting\\_for\\_Fiscal\\_Year\\_2020.pdf](https://www.reginfo.gov/public/pdf/eo13771/EO_13771_Final_Accounting_for_Fiscal_Year_2020.pdf).