

**What we want from the Chairman Doug Ose**  
**Opening Statement at GRC's 5/12/04 Markup of**  
**The Paperwork and Regulatory Improvements Act (H.R. 2432)**

First, let me thank Chairman Davis for holding today's markup of the bi-partisan "Paperwork and Regulatory Improvements Act," which I authored as Chairman of the Subcommittee on Energy Policy, Natural Resources and Regulatory Affairs. I am also grateful for his becoming an original co-sponsor.

Now, let me turn to the bill itself. The bill includes legislative changes to: (1) increase the probability of results in paperwork reduction, (2) assist Congress in its review of agency regulatory proposals, and (3) improve public and Congressional understanding of the true costs and benefits of regulations ("regulatory accounting").

My Manager's Amendment makes no changes in Sections 1, 2 and 5 of the introduced bill. Also, the only change to Section 4 of the introduced bill is the addition of an effective date. Therefore, I will discuss in more detail the changes to Sections 3 and 6.

The overall burden of Federal paperwork and regulatory requirements is staggering and is a real drain on job growth, productivity and American competitiveness. In fact, Federal paperwork and regulatory burdens have increased (vs. decreased) in each of the last eight years. Currently, the Internal Revenue Service (IRS) accounts for 80 percent of the total government-wide paperwork burden on the public of over 8 billion hours.

To increase the probability of results in paperwork reduction, **Section 3** requires the Office of Management and Budget (OMB), after consultation with the IRS and two other identified Federal agencies, to review and report to Congress on actions that the IRS can take to reduce paperwork burden imposed on small business. For example, actions could include introductions of thresholds below which reporting is not required, changes in existing threshold levels, or changes in the periodicity of reporting. Section 3's reporting requirement replaces the introduced bill provision, which required OMB to have at least two full-time staff working solely on tax paperwork reduction.

**Section 4** removes exemptions in the Farm Security and Rural Investment Act of 2002 from various paperwork review and regulatory due process requirements. Both the law and its legislative history include no justification for these exemptions to standard good government protections for the public.

To assist Congress in its review of agency regulatory proposals, **Section 5** makes permanent the authorization for the General Accounting Office (GAO) to perform analyses for Congress of selective major rules proposed or issued by Federal agencies. GAO never hired staff for this function since the 2000 law only authorized a 3-year pilot project; instead, GAO intended, after the 3-year pilot project received funding (which never occurred), to use contractors instead of full-time agency expert staff to prepare its independent evaluations.

**Section 6** requires certain changes to improve regulatory accounting. In 1996, Congress required OMB to submit its first regulatory accounting report. In 1998 and 2000, Congress enacted additional legislation to make OMB's regulatory accounting reports more useful. Currently, OMB is required to annually estimate the total annual costs and benefits for all Federal rules and paperwork in the aggregate, by agency, by agency program, and by major rule, and to include an associated report on the impacts of Federal rules and paperwork on certain groups, such as small business.

To date, OMB has issued six final and a seventh draft regulatory accounting reports. Each of the seven did not meet some of the content requirements under the statute. Part of the reason for this incompleteness is that OMB has not requested agency estimates, as it does annually for its Information Collection Budget (paperwork budget) and for the President's Budget (fiscal budget). **Section 6(a)** requires Federal agencies to annually submit estimates of the costs and benefits associated with the Federal rules and paperwork for each of their agency programs. The caveat for agency input to be provided "to the extent feasible" was added to ensure no further burden on or cost to the agencies.

Currently, the economic impacts of Federal regulation receive much less scrutiny than programs in the fiscal Budget. **Section 6(b)** requires OMB to integrate its annual regulatory accounting statement into the fiscal Budget so that Congress can review simultaneously both the on-budget and off-budget costs associated with each Federal agency imposing regulatory or paperwork burdens on the public. Current law merely requires OMB to submit its regulatory accounting report "with" the Budget instead of "as part of" the Budget. However, OMB has never submitted its final accounting statement with the Budget and has only once published its "draft" in the Federal Register on the same day as the Budget was submitted to Congress. This approach was not useful since it precluded a timely side-by-side comparison for analytic purposes of the on-budget and off-budget costs associated with each major regulatory agency and each of its regulatory programs.

My Manager's Amendment removed the "Form of Submission" subsection to provide OMB with more flexibility in its integration in the multi-volume fiscal Budget documents. My Manager's Amendment also removes the requirement for OMB's regulatory accounting statement to cover the same 7-year time series as the President's fiscal Budget.

**Section 6(c)** requires OMB to designate not less than three agencies (or offices within an agency) to participate in a study of regulatory budgeting for fiscal years 2006 and 2007, and then report to Congress on this study. These tests will determine if agencies can better manage regulatory burdens on the public. The multi-agency study replaces the introduced bill provision that established at least five agencies as pilot projects for regulatory budgeting.

H.R. 2432 is a good government bill, which makes incremental improvements in the existing processes governing paperwork and regulations instead of fundamentally changing the role of Congress in its oversight of agency rules.