

**Testimony on behalf of**  
**The National Federation of Independent Business**  
**On HB 630**  
**Before the Senate Business, Labor and Economic Affairs Committee**  
**March 9, 2005**

Madam Chairman and members of the committee, my name is Riley Johnson and I come before you this morning on behalf of the National Federation of Independent Business (NFIB) in support of HB 630, the Small Business Regulatory Flexibility Act.

I have worked the halls of this legislature and the halls of the numerous state agencies throughout the capitol complex for a number of decades on behalf of small business in Montana. I understand how state government works and I understand the needs of small business owners throughout our great state. Sometimes this relationship between state government and small business in Montana works well. Sometimes it does not. Since, small business under 20 employees represents over 96% of all businesses in Montana, NFIB feels it is important for the economy and for economic development that we all see that the relationship between state government and small business works right all the time.

HB 630 will move Montana in that direction.

It simply says that state agencies will study the effects on small businesses of any proposed new rules or regulations. If the study reveals there is an effect, it allows small business and state government to get together and work out alternatives, compromises or exemptions. Some agencies have done just that over the past few years, but other agencies, probably inadvertently, have not.

I have a personal experience of how this would work. The Insurance Commissioner's office proposed new rules on certain insurance producers reporting requirements. The rule was written asking for quarterly reports. But, before the rule was finalized, my client was asked to comment on the proposal. What is the need for quarterly reporting, my client asked? How about annual reporting? Many of our insurance producers are one-person offices and filling out reports quarterly is very time consuming and costly. Why indeed, asked the Insurance Commissioner? And the rule was changed before being finalized.

That is an example of how HB 630 would work.

Another point is what I call the "cookie cutter" approach. Rules are made with larger businesses in mind, and then the rules are applied "cookie cutter" fashion to all businesses in that field. It takes a small business 60% more time to comply with laws and regulations as it does a large business. Small businesses do not have human resource departments; we have the Job Service Offices. Small business doesn't have accounting departments with sophisticated computers and software, we have our spouses keeping the books and a home version of Quick Books.

Well, you get the picture.

NFIB asks that you give HB 630 a do pass. Compliance is very easy to achieve. There is no costs as stated by the fiscal note. But small business, the job-generator of Montana, can be the winner.

Thank you Madam Chairman and committee members. -30-