

Congressman Josh Gottheimer

2.8.17 Press Call on Regulatory Reform

Thanks to all of you for joining me on this call to discuss the bill I recently introduced to restore regulatory sanity and help businesses of all sizes grow and thrive.

I just finished a tour of Mars, Inc., one of our great New Jersey companies. Did you know that M&M's were born right here in the Garden State? And the White House M&M's are made right here. Mars employs twelve- to thirteen-hundred people in Hackettstown and is a major employer in the area and in the state, of course this shifts varying on demand. My understanding after just meeting with them is that they are heading from having five days back to seven days, given demand, which is obviously great for the local economy up here.

In recent years, we've seen, unfortunately, many of our great New Jersey companies leave and head out of the state. You know Mercedes and Hertz left, they're in Bergen County, in the last few years heading down south. I'm very focused in Congress to make sure that I do everything I can to work with companies of all sizes to keep them here, to help them grow, and, of course, to draw new businesses. Part of the reason, and lots of my conversations with businesses, companies who have left or have considered it or who have been courted by other states, happens to focus on our high taxes in the state and property taxes and of course, the amount of regulation businesses have to deal with, both locally and then there's federal regulations that I'm focused on as well. We know businesses want to be in the state of New Jersey and we've talked to them: people love raising their families here, as do I, we've got beautiful communities, incredible schools, the best pizza in America, but the government too often makes it too difficult for businesses to thrive and grow.

When I was at the FCC, where I worked a few years ago, I was shocked to find that we still had many regulations in place from the radio era that no longer were pertinent, but were on the books and had never been repealed. As a result, it was costing businesses, both small and bigger businesses, money to comply with these out-of-date regulations and of course those costs eventually get passed on to customers, so I'm very focused on seeing where you have burdensome and out-of-date regulations—unnecessary regulations—how we can repeal them to

help more companies thrive and I'm focused on companies, of course, in my district. So while there were many employees, when I was at the FCC, who were always looking out to make sure to cut some. There were too many at these agencies who showed up and said, "look, how do we regulate?" not "how do we find ways to take unnecessary ones that no longer apply off the books?" That's exactly why when I got to Washington, I sat down with my team and said, "What steps can we take here? What kind of legislation can I take a part of and introduce to help roll back unnecessary regulations," and, of course, keep in place necessary safe-guards like, for example, ones that make sure we have clean drinking water for our kids. My votes already have shown that there are several places--there was a vote last week on coal water, which I was concerned about--those are regulations I think provide necessary safeguards to protect our children.

This bill I introduced, I joined with a coalition of members from both sides of the aisle. It's called the Regulatory Improvement Act of 2017. This bill establishes an independent process by which outdated and redundant regulations are reviewed and subsequently revised and subsequently revised and eliminated. It creates an independent, bipartisan commission, modeled after the BRAC commission, to review rules that are outdated, duplicative, or in conflict with one another. The Regulatory Improvement Commission would then present its recommendations to Congress for an up or down vote. The RIC would be composed of representatives of civic and business groups, appointed by the President and Congressional Leaders of both parties, so a bipartisan commission.

To me, it's clear that this sort of reform is sorely needed. As I've said, I hear from New Jersey businesses all the time about the difficulty they have with burdensome and unnecessary regulations. They're being hampered in their ability to grow and create jobs by the incredible amount of effort they're expending to comply with redundant and unnecessary regulation.

At Mars, today, I saw the incredible scale of the work they do right here in Hackettstown, but I also heard about their concerns with the accumulation of regulations they have to deal with from the federal government.

And small businesses, our economic engines, face regulatory costs 36 to 42% higher than larger businesses.

One example I think is illustrative of this issue: the USDA sent a letter to a magician, informing him that he was required to write a disaster plan for the rabbit he pulls out of his hat in his act.

And this sort of requirement can be incredibly burdensome—especially for small businesses. I met this morning with the head of the Sussex County Chamber of Commerce and we talked about this. She has hundreds of businesses, mostly smaller companies in the Sussex County Chamber, and the key here is to make sure we do everything possible to encourage them to stay here and to relocate here and of course to grow and try to get out of the way the things that are unnecessary.

The time that this magician spends drafting and revising his rabbit disaster plan to bring it into compliance with the USDA's mandate is time he's not performing at a birthday party, or advertising his act, or training his assistant, or learning new tricks.

Small business owners report spending an average of \$12,000 a year on regulations, and over half of them say that federal regulations were the most burdensome.

And one recent survey of small businesses found that nearly 40% of the respondents said that regulations have a “very significant” impact on their business's plans to grow and expand their companies.

These costs add up to compliance. A 2010 study found that the direct costs alone of compliance with federal regulations to be \$1.7 trillion dollars—that's trillion with a T. And that's only taking into account direct expenses before opportunity costs are factored in.

Now some requirements are essential and should be maintained, like those that make sure our kids, as I mentioned, have safe and clean drinking water. That's why, as I said, I voted against a measure that would have weakened protections keeping coal mining companies from dumping dangerous debris into our waterways.

But many on the books are out of date and piling up and causing major problems to employers while providing no clear public benefit.

That is where the Regulatory Improvement Commission created by my bill comes in. They will be tasked with looking at the cumulative impact of regulations across agencies and identifying

which can be consolidated and eliminated, taking a surgeon's scalpel to the regulatory books and eliminating the regulations that are hurting our businesses and no longer serve their purpose while preserving the protections we need to keep our communities safe.

Now, I'd like to turn the call over to Dr. Michael Mandel, Chief Economic Strategist of the Progressive Policy Institute. He is an expert on regulatory policy who has been working in this field for years. He's helpful and here. He has a Ph.D. in economics from Harvard, and in addition to his work at PPI he holds an appointment as senior fellow at the Wharton School at the University of Pennsylvania. He previously served as the chief economist at Business Week. He'll tell us a bit about the regulatory landscape and why the Regulatory Improvement Act is the right approach to fix this problem. So Michael, I'll hand it over to you and I appreciate you joining us today.