



March 20, 2024

The Honorable Jim Jordan  
Chairman  
Committee on the Judiciary  
U.S. House of Representatives

The Honorable Jerrold Nadler  
Ranking Member  
Committee on the Judiciary  
U.S. House of Representatives

Dear Chairman Jordan, Ranking Member Nadler, and Members of the Committee:

In advance of the Judiciary Committee’s markup tomorrow, the Job Creators Network expresses its strong support for the “Prove It Act of 2024.” JCN urges the Committee to pass this bipartisan legislation that would ensure federal agencies conduct meaningful reviews of the burden proposed rules would have on small business and hold them accountable if they do not.

JCN is a nonpartisan organization founded by entrepreneurs who believe that many government policies are getting in the way of the economic freedom that helped make this country prosperous.

JCN provides business leaders and entrepreneurs with the tools to become the voice of free enterprise in the media, in Congress, in state capitals, in their communities, and their workplaces – allowing them to hold politicians accountable to job creators and their employees.

The “Prove It Act of 2024” would help shield small businesses from executive overreach and provide Main Street with important tools to help contend with government overregulation.

According to the U.S. Small Business Administration’s Office of Advocacy small businesses employ almost half – 46.4 percent – of America’s employees.<sup>1</sup> Truly America’s job creators, small businesses accounted for 62.7 percent of net new jobs from 1995 to 2021.<sup>2</sup>

Despite their significant contributions to our nation’s economy, small business owners get the short end of the stick when it comes to regulation -- one size does *not* fit all.

It is well-documented that small business owners are disproportionately negatively impacted by regulation as compared to big businesses.

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<sup>1</sup> U.S. Small Business Administration, Office of Advocacy, [“What’s New With Small Business?”](#) (March 2023).

<sup>2</sup> *Id.*



When it comes to regulation, it is important to remember that seventy-nine percent of small businesses have fewer than ten employees.<sup>3</sup> Firms with fewer than ten employees do not employ attorneys, accountants, or human resource professionals. If they are lucky, they have someone to manage sales. As a practical matter that means that it is the small business owner who is tasked with those duties, many of which involve regulatory compliance.

Moreover, it is well-documented that small business owners spend more on regulation than larger businesses. Businesses with fewer than fifty employees pay \$14,700 per employee, as compared to \$13,800 per employee for medium-sized businesses, and \$12,200 per employee for large businesses.<sup>4</sup>

Despite these realities, increasingly we see federal regulators view their legal obligation to assess small business impact of new regulations as nothing more than a “check the box” exercise. According to an investigation conducted by the House Committee on Small Business, many government agencies in Washington are “failing to properly implement” statutes intended to shield small businesses from overburdensome regulations.<sup>5</sup>

For example, the Army Corps of Engineers has twice certified as *not* significantly impacting small businesses its proposal to redefine “waters of the United States” in a way that would require millions of landowners to get a federal permit before doing things as simple as moving mulch. Similarly, the Department of Labor had the audacity to certify its recent regulation that effectively converts most independent contractors into employees as a mandate with little impact on small business. These are just two of many examples where federal bureaucrats are not following the letter and spirit of the Regulatory Flexibility Act when it comes to protecting small businesses from one-size-fits-all regulation.

The “Prove It Act of 2024” fulfills a key pillar of the Job Creators Network’s American Small Business Prosperity Plan—an eight-point policy blueprint -- by reducing the regulatory burden on small businesses.<sup>6</sup>

The “Prove It Act of 2024” would bolster existing law that federal agencies have been side-stepping at the expense of small businesses. It would hold agencies accountable by providing a meaningful opportunity for small businesses to challenge an agency certification that a

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<sup>3</sup> See John McLaughlin and Scott Rasmussen, “[Small Business IQ Monthly Poll](#)” Job Creators Network.

<sup>4</sup> Nicole V. Crain and W. Mark Crain, “[The Cost of Federal Regulation to the U.S. Economy, Manufacturing, and Small Business](#),” Oct. 2023..

<sup>5</sup> House Committee on Small Business, “[Williams, Luetkemeyer, and Van Duyne Lead Committee on Small Business Oversight of the Biden Administration’s Regulatory Agenda](#)” (Feb. 23, 2023).

<sup>6</sup> Job Creators Network, “[The American Small Business Prosperity Plan](#)”



proposed regulation would not impact a substantial number of small entities. And small businesses would be exempt from any rule in which an agency fails to follow the law.

Small business regulatory protections are in dire need of restoration. Passage of the “Prove It Act of 2024” would be a step in the right direction. We commend the Committee for marking up this important legislation and urge its passage. It is time for our elected leaders in Washington to prioritize Main Street.

Alfredo Ortiz  
CEO  
Job Creators Network

A handwritten signature in black ink that reads 'Alfredo Ortiz'.