

Assemblyman Niello Urges Caution In Regulation Of Small Business

SACRAMENTO - Assemblyman Roger Niello (R- Fair Oaks) joined Assembly colleagues and representatives from the business community today to discuss a new study by Sacramento State professor Sanjay Varshney that suggests the cost of regulations on businesses to be \$492 billion per year. The independent study was called for in legislation (AB 2330 of 2006) which was approved on a bipartisan basis.

The study arrived at the massive dollar figure as the total cost of regulation to California's businesses, taking into account actual losses in economic output, losses in jobs, indirect losses in business taxes, and finally, losses in labor income. This number is nearly five times the State's general fund budget and almost a third of the State's gross product. In addition, the study suggests the state loses 3.8 million jobs (a tenth of the state's population) as a result of regulation costs.

"In trying to catch the "Enrons" of the world, the legislature is hurting small business, which makes up 99 percent of the business in California. In trying to "protect" the environment, workers, and consumers by catching the big tunas, we're netting a whole lot of dolphins," said Assemblyman Niello.

Business leaders from across the state echoed such sentiments, agreeing that regulation is a necessary and integral part of running a civilized society, but that the burden has grown to be so burdensome and so duplicitous that job creators spend more time trying to comply with regulation than doing what they should be doing--creating jobs.

"The quest to regulate is borne of a well-intentioned desire to protect, but you reach a point where you are protecting people to death. Based on this study, I'm afraid we have reached that point." said Niello.