

**Comments of Drew Greenblatt, Owner  
Marlin Steel Wire Products LLC**

before the

**Regulatory Reform and Oversight Subcommittee  
of the  
House Committee on Small Business**

**April 28, 2005**

Mr. Chairman, members of the Regulatory Reform and Oversight Subcommittee, my name is Drew Greenblatt and I am the owner of Marlin Steel Wire Products, LLC, in Baltimore, Maryland. I am before you representing the views of the National Association of Manufacturers, or the NAM.

The National Association of Manufacturers is the nation's largest industrial trade association, representing small and large manufacturers in every industrial sector and in all 50 states. Headquartered in Washington, D.C., the NAM has 10 additional offices across the country. Three-quarters of the NAM's members are manufacturers with small to medium-sized operations. Visit the NAM's award-winning web site at [www.nam.org](http://www.nam.org) for more information about manufacturing and the economy.

NAM President John Engler testified about the impact of regulations on manufacturing earlier this month before the Regulatory Affairs Subcommittee of the House Committee on Government Reform. Since his testimony was so recent and on the same topic, the subcommittee staff agreed that it would make sense to submit that written testimony for the record of this hearing.

Briefly, Governor Engler's April testimony noted that regulations—especially environmental and workplace regulations—impact the manufacturing sector more than

any other sector. In addition, regulations impact small manufacturers in terms of cost per employee more than twice as much as larger manufacturers (nearly \$17,000 for firms with fewer than 20 employees versus \$7,000 for firms with more than 500 employees). Thus, it was appropriate for last year's OMB annual report to Congress on the costs and benefits of federal regulatory programs to focus on regulations that impact manufacturing - in particular the NAM submitted several small, technical suggestions, and strongly urged OMB to improve seven regulations that have a broad effect on manufacturing. On March 9 of this year—after consultation with the agencies about these regulations—OMB listed 76 regulations that agencies were directed to consider improvements for. I'd like to note that any substantive changes to any of the regulations on the list will be subject to notice-and-comment requirements of the Administrative Procedures Act, so any such changes to be made will be transparent and open.

Turning to my company, these regulations may seem like abstract concepts but they have a major impact on Marlin. Marlin makes wire baskets, shelves, wire forms and hooks for US companies like Baxter, Boeing, Caterpillar, Dupont, Ford, GM, Honeywell, Johnson and Johnson, Rubbermaid, and United Technologies. We make 100% of our products in Baltimore and we import nothing. We do not outsource our employees overseas. Established in 1968, we have over 20 employees. We are an example of the American Job Growth machine.

Growing my company in a profitable manner is my goal. As I grow, I will need to hire more smart people and buy more equipment. Some of that equipment is made in Rockford, Illinois, at Lewis, Ideal and Schlatter, all three major employers in Northern Illinois. For the record, all of my employees get great health insurance, vacation, holiday

pay, 401K match, and 100% college reimbursement. But there are government-caused obstacles to my growth.

For me and many of my peers, it is not just one or two regulations that are troublesome. Rather, it is the cumulative effect of many. We follow the regulations. Some are good. But the bad ones need to go. Let's discuss a few of the bad ones that directly affect Marlin Steel Wire and my employees:

1) The first issue is Taxes. Small & medium sized firms are burdened with **high expenses to fill out federal paperwork and file taxes**. For example, my company has to pay over \$17,000 per year to payroll services and accountants to figure out my payroll, 401k and income tax properly plus \$30,000 in internal bookkeeping costs. This makes no sense. That money could be redeployed to more productive purposes like purchasing this Robot. We bought one of these two months ago, so now we can weld as fast as FORD welds its Mustangs. If we bought a second one, which I would love to do, we could reduce our costs (narrowing the price difference between me and China), make higher-quality parts (improving the quality difference between me and China), and ship faster (thereby winning more jobs). I assure you a Chinese factory my size does not spend \$47,000 annually for paperwork like this. This improvement will increase my revenue, which will prompt me to hire more well-paid people. This is a win-win situation.

2) One modest improvement in our tax code would be the **permanent extension of the \$100,000 annual expensing of equipment**. This would be a shot in the arm for US Factories and US workers. In the OMB report, this is called the Election to Expense Certain Depreciable Assets/Section 179 (Reference #178). The tax code should

encourage manufacturers to be more productive and efficient, not drown us in paper. Productivity will follow if we can invest in the best technology, so we can stay ahead of the Chinese import threat. If I could buy more of these robots, it will make my employee's job more secure, because I will need to hire more people to run machines, not hire accountants to work out optimal depreciation strategies to minimize taxes. Accountants do not help my company be more productive or run faster or make higher quality.

3) Another obstacle for US manufacturers is the **trucker's "Hours of Service"** **(Reference 14) dictating to truckers the exact hours employees have to work. This increases our costs** which makes Marlin less efficient. We have to pay higher freight rates when we move material between vendors and clients. This makes us less cost-competitive which means more manufacturing jobs will go to China.

4) A large percentage of my business is **chrome or nickel plated**. Our government is **making it very difficult for the plating business to thrive**. Clean water is imperative. The factory that does plating for Marlin in New England actually has cleaner water exiting the plant than the water coming in!! Requirements like the Maximum Achievable Control Technology Standard for Chromium Emissions and Deferral of Duplicative Federal Permitting (Reference #44 and #108) are additional obstacles to US factories. These cause costs which are passed on to our clients until they say "enough, I will buy from China." Then no one buys from the chrome plater in New England and me in Maryland! No one pays into the Social Security Trust Fund.

We **strongly suggest the “sunset” of regulations.** Over time, wise regulations may become outmoded by technology, etc. Good regulations can be reenacted. Bad regulations will fall away over time.

Mr. Chairman, speaking on behalf of small manufacturers in particular, we try our best to follow the requirements that we need to. And small business owners breathe the air, drink the water and share the experiences of our employees as part of daily life, so we have every incentive to provide a safe workplace and as clean an environment as possible. Sometimes, regulations are helpful in meeting these goals. But to the extent that they either don't make sense or unreasonably take time away from productive activity, they become a hindrance.

Thank you again for your time and I look forward to answering any questions that you and the panel may have.