

SENATE JOINT RESOLUTION NO. _____

1 Directing the Joint Legislative Audit and Review Commission to study the comparative burden
2 of regulatory compliance on Virginia's manufacturing sector. Report.

3 WHEREAS, the manufacturing sector, which accounts for almost 12 percent of
4 Virginia's total gross state product and employs nearly 300,000 Virginians, is a crucial part of
5 the Commonwealth's economy; and

6 WHEREAS, while aspects of the sector are faring well, Virginia's manufacturers have
7 shed approximately 68,000 jobs over the past five years, with nearly 9,000 of these jobs being
8 lost in the past year; and

9 WHEREAS, while rising productivity accounts for some of the employment losses in
10 Virginia's manufacturing sector, a 2003 study by the Manufacturers Alliance/MAPI concludes
11 that the ability of manufacturing firms to compete with low-cost producers in other countries is
12 impaired by comparatively high employee benefits, corporate tax rates, energy costs, costs of
13 tort litigation, and costs of regulatory compliance; and

14 WHEREAS, the Manufacturers Alliance/MAPI study concludes that the total cost of
15 complying with environmental, economic, workplace, and tax regulations incurred by U.S.
16 manufacturers is approximately \$160 billion, which is the equivalent of a 12 percent excise tax
17 on manufacturing production; and

18 WHEREAS, at the national level, the burden of complying with certain classes of
19 regulation, such as pollution abatement and worker health and safety, falls disproportionately
20 on manufacturers; and

21 WHEREAS, the aggregate costs to Virginia's manufacturers of complying with
22 regulations imposed by the federal and state governments have not been quantified; and

23 WHEREAS, the regulatory compliance costs borne by Virginia manufacturers have not
24 been compared to the regulatory compliance costs borne by other sectors of the
25 Commonwealth's economy; and

26 WHEREAS, the regulatory compliance costs imposed on Virginia manufacturers have
27 not been compared to those imposed on manufacturers in other states with which the
28 Commonwealth competes for jobs and investments; now, therefore, be it

29 RESOLVED by the Senate, the House of Delegates concurring, That the Joint
30 Legislative Audit and Review Commission be directed to study the comparative burden of
31 regulatory compliance on Virginia's manufacturing sector.

32 In conducting its study, the Commission shall include among other things an evaluation
33 of (i) the total cost of compliance by Virginia manufacturers with state and federal
34 environmental, economic, workplace, and tax regulations; (ii) how the cost of regulatory
35 compliance borne by Virginia manufacturers compares to the regulatory compliance costs
36 borne by firms in other major sectors of Virginia's economy, in the aggregate, on a per-
37 employee basis, based on the sectors' contributions to gross state product, and other relevant
38 bases; and (iii) how the cost of regulatory compliance borne by Virginia manufacturers
39 compares to the regulatory compliance costs borne by manufacturers in other mid-Atlantic and
40 Southern states, in the aggregate, on a per-employee basis, based on the sectors'
41 contributions to gross state product, and other relevant bases.

42 All agencies of the Commonwealth shall provide assistance to the Commission for this
43 study, upon request.

44 The Commission shall complete its meetings by November 30, 2005, and the Director of
45 the Commission shall submit to the Division of Legislative Automated Systems an executive
46 summary of its findings and recommendations no later than the first day of the 2006 Regular
47 Session of the General Assembly. The executive summary shall state whether the
48 Commission intends to submit to the General Assembly and the Governor a report of its
49 findings and recommendations for publication as a House or Senate document. The executive

50 summary and report shall be submitted as provided in the procedures of the Division of
51 Legislative Automated Systems for the processing of legislative documents and reports and
52 shall be posted on the General Assembly's website.

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