Supreme Court Decision to End Chevron Deference Benefits Small Businesses

July 22, 2024 - Earlier this month the US Supreme Court ended the Chevron doctrine, a legal principle that has significantly influenced federal regulatory power for decades. The decision, likely to reduce the burden of government regulation, is expected to have a positive impact on small businesses across the nation.

Established by the Supreme Court in 1984, the Chevron doctrine mandated that courts defer to federal agenciesâ€™ interpretations of ambiguous laws. This meant that agencies like the Environmental Protection Agency (EPA) or the Securities and Exchange Commission (SEC) had considerable leeway in defining their regulatory powers. Critics argued that this often led to agencies overstepping their authority, creating confusion and unpredictability for those subject to these regulations.

When Chevron was originally decided, most people thought that it would streamline government regulations and make regulatory issues more manageable. But in reality, it allowed the government implement new regulations on a whim. And with the new decision, the court seemed to recognize that it placed businesses in an untenable position because each time there was a change of party in the White House, policies would change overnight. And that meant that businesses were constantly having to change the way that they worked in order to stay compliant with current regulations.

The Supreme Court's recent ruling has overturned this precedent. The majority opinion described the Chevron doctrine as creating an â€œeternal fog of uncertaintyâ€• and allowing the executive branch to overreach, effectively performing judicial functions. This change stems from a case involving two family-owned fishing operations contesting regulatory fees they claimed were unauthorized by Congress. The Court sided with the fishermen, highlighting the arbitrary and burdensome nature of some agency rules.

The impact of the decision on small businesses could be profound. Small businesses frequently lack the resources to navigate complex and shifting regulatory landscapes. Unlike large corporations that can afford extensive legal teams, small business owners often find themselves at a disadvantage. Justice Neil Gorsuch, in a concurring opinion, underscored this disparity by citing examples where ordinary citizens suffered due to arbitrary agency rules.

The Supreme Court's decision is expected to alleviate some of these challenges by ensuring that regulations are more clearly defined and that any ambiguities in the law are interpreted by the judiciary, not the agencies themselves. This shift could lead to a more stable regulatory environment, allowing small businesses to plan and operate without the fear of sudden and unpredictable regulatory changes.

While some critics argue that this decision favors corporate interests, the Supreme Court's move to end Chevron deference is a significant win for small businesses and individuals. By curtailing the power of federal agencies, the Court aims to foster a more predictable and fairer regulatory environment, potentially easing the burden on small business owners and ordinary citizens who previously faced daunting bureaucratic challenges.
by Jim Malmberg
Note: When posting a comment, please sign-in first if you want a response. If you are not registered, click here. Registration is easy and free.

Follow ACCESS