

**HONORING THE NATION'S SMALL BUSINESS
HEROES**

HEARING
BEFORE THE
COMMITTEE ON SMALL BUSINESS
UNITED STATES
HOUSE OF REPRESENTATIVES
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FIRST SESSION

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HONORING THE NATION'S SMALL BUSINESS HEROES

WEDNESDAY, MAY 8, 2019

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,

Washington, DC.

The committee met, pursuant to call, at 10:05 a.m., in Room 2360, Rayburn House Office Building. Hon. Nydia Velázquez [chairwoman of the Committee] presiding.

Present: Representatives Velázquez, Finkenauer, Golden, Kim, Crow, Davids, Schneider, Delgado, Houlahan, Craig, Chabot, Kelly, Balderson, Hern, Hagedorn, Stauber, Burchett, and Joyce.

Chairwoman VELAZQUEZ. Good morning. The committee will come to order.

I thank everyone for joining us this morning and especially thank the small business owners from across the country who have taken time from their busy schedule to be here today. In particular, I would like to welcome Gia Giasullo, owner of Brooklyn Pharmacy and Soda Fountain from my district. Thank you all for coming here today.

Every year going back to the 1960s, our nation has recognized National Small Business Week. While on this committee we are focused on improving opportunities for Main Street every week, today is a special opportunity to celebrate the national recognition of small businesses, which truly are the backbone of our economy.

This morning, we will hear directly from small firms that we, as members of this committee, have been given the privilege of representing in Congress. Today in America, there are 30 million small businesses that support over 56 million jobs, and these firms are as diverse as the American people.

Joining us today are small businesses in a wide array of industries such as restaurants, retail, manufacturing, and farming. And as we will hear, they are making their communities stronger, adding character to our Main Streets and fueling our economy. I would like to thank each and every small business owner testifying today for making the trip here and being a part of this important week and conversation.

Throughout our history, so much of the American dream has been about starting a small business, creating jobs, and building communities around Main Street. When we talk about taking a risk, no one exemplifies that better than small businesses.

While today is certainly an opportunity to celebrate and hear the success stories of small businesses, we also acknowledge that starting a business is often not without its own set of challenges. Access

to affordable capital, finding and retaining talented workers, accessing new customers, and competing against larger corporations all provide headwinds for small business success. Being the only committee dedicated solely to the needs of small firms, we are committed to promoting policies that encourage economic prosperity on Main Street. That is why I am excited to hear from entrepreneurs from across the country on the successful journey you have made.

Today, we will be able to learn so much for these heroes of small business, about determination, hard work, and creativity that truly reflect the American spirit.

With that, I thank each of the witnesses for taking the time away from your business to join us today. I look forward to your testimony.

I now would like to yield to the Ranking Member, Mr. Chabot, for his opening statement.

Mr. CHABOT. Thank you, Madam Chairwoman. And thank you for having this hearing today. I would like to also welcome everyone, including our distinguished witnesses to National Small Business Week.

This week celebrates and honors the hardest workers in the country as far as I am concerned. They rise early and retire well after sundown on a daily basis, often wearing many hats throughout the day to ensure their customers are satisfied, their workers have what they need to get the job done, and that their company is a success. You are the nation's entrepreneurs and startups in small businesses, and your stories define the American dream. You deserve the ability to operate freely without the Federal Government causing roadblocks and getting in your way. We want you developing the next product and service, not laboring over burdensome regulations. We want you creating jobs, not pouring over compliance paperwork. You play a critically important role by representing over 30 million small businesses that operate all across the country. You create nearly two out of every three new jobs in the American economy.

To put it simply, you are the driving force in the American economy. That is why it is critical for this Committee to continue its bipartisan—we work both across party lines, Republicans and Democrats. I would prefer to be the Chair but, you know, it did not happen last time, and we work with the Chairwoman, and she is great. So we work together to create jobs and try to get it right for America's small businesses. Main Streets across the country all look different but they all have one thing in common. They all have the most dedicated and innovative workers around. From Ohio to Minnesota to Florida, the nation's small businesses are busy moving forward.

I want to thank you for joining us today and sacrificing time away from your growing businesses. Some of you traveled across our great country to speak with us today and we appreciate your time and your thoughts. And if I ever stop talking we will get to them.

We look forward to talking with you and listening to your stories and hearing about your successes, from retail to real estate and factories to farms, your impact is vast and important to America.

And before I yield back, I want to let all of those in attendance know, especially our small business witnesses, that you have all got great members of Congress representing you, really on both sides here. The members of our Committee for the 116th Congress, and I think the Chairwoman would agree with me on this, are, I think, perhaps the most engaged of any group that we have seen in a while, both Republicans and Democrats alike. Just about everybody is at every hearing working across party lines to produce real bipartisan legislation that benefits the American small business owners. So it is an honor to serve with them, and I hope you send them all back to the next Congress.

Now, after saying that we are all here at every hearing, I have to announce that I have to go back to Judiciary and Foreign Affairs. We are dealing with the Attorney General in contempt motions there, and we are dealing with the simple matter of China in Foreign Affairs. So those issues pale in comparison to the issues dealt with in here, but I have to head over there. And I want to thank Mr. Hagedorn in advance for filling in for me, and my other colleagues who will be filling in after him.

So thank you very much, Madam Chairwoman, and I yield back. Chairwoman VELAZQUEZ. The gentleman yields back. Thank you.

And I agree with the gentleman that this is a committee that works in a bipartisan way. We are here to really represent your issues and I have to say that when I was the Ranking Member, he treated me with respect. Now as the Chairwoman, I am doing the same but I have to recognize there is nothing more important than holding the gavel.

I would like to take a few minutes to explain the timing rules. Each witness gets 5 minutes to testify and members get 5 minutes for questioning. There is a lighting system to assist you. The green light comes on when you begin, and the yellow light means that there is 1 minute remaining. The red light comes on when you are out of time, and we ask that you stay within the timeframe to the best of your ability.

We will begin with introductions for each panel before moving on to your testimony.

With that, it is my pleasure to introduce Ms. Gia Giasullo, owner of the Brooklyn Farmacy and Soda Fountain located in my district. Brooklyn Farmacy opened its doors in 2010, and since then has been serving up fresh, friendly, and delicious sundaes, sodas, and ice cream floats. Along the way, Ms. Giasullo has worked closely with our local small business development center on business planning and recently obtained an SBA loan so she can continue to grow Brooklyn Farmacy. While running her business, Ms. Giasullo remains committed to improving her community by hiring neighborhood youth each year and offering leadership opportunities to aspiring local entrepreneurs. Nominated in 2016 as New York's Small Business Person of the Year, in so many ways she embodies the American dream and Brooklyn Farmacy reminds us that a great food company never goes out of style.

Welcome, Ms. Giasullo. I am very happy you could be with us today.

I would now yield to Ms. Craig from Minnesota to introduce our second witness.

Ms. CRAIG. Thank you, Madam Chair.

I am honored to introduce to the Committee Mrs. Amy Fox of Spiral Brewing of Hastings, Minnesota, in my congressional district. I also want to introduce to the Committee her husband, Nick, and sister-in-law, Jen Fox, who are seated behind her this morning.

Madam Chair, when members were asked to invite a hero of the small business community to testify before our Committee, Amy and her team immediately came to mind to share their story here today. Spiral Brewery has an amazing story to tell. It is a woman-owned business that has been open for just over a year now, and in that time it has proven itself to be a destination brewery and tap room that excels in sharing its craft. And I have been there, and it has been shared with me, many times.

Over the past year, Spiral Brewery has become a destination for beer lovers across Minnesota's metropolitan area and a beer to seek out at liquor stores, bars, and restaurants in our region. I am eager to have Amy tell you a little bit more about her entrepreneurial experience, and again, I am so, so honored and pleased that they are able to be here with us today.

Thank you, Madam Chair, and I yield back.

Chairwoman VELAZQUEZ. Thank you, Ms. Craig.

Now, I would like to yield to my colleague from New York, Mr. Delgado, to introduce our next witness.

Mr. DELGADO. Thank you, Madam Chairwoman.

I am thrilled to introduce my friend and an exemplary small business owner from New York 19, Nels Leader, vice president of Bread Alone Bakery, as he testifies about the economic success and sustainable business practices of Bread Alone Bakery in Kingston, New York.

In 1983, Daniel Leader, Nels's father, moved to the Catskill Mountains and started a small business baking naturally fermented artisan breads he sold out of the trunk of the family station wagon. Today, Bread Alone Bakery has grown to four locations across the Hudson Valley and the Catskill Mountains to farmers markets and to dozens of retailers across New York State. Under Nels's leadership, Bread Alone has expanded and maintained its commitment to certify organic artisan bread and to our planet. The Leader family kicked off their 35th year in business in 2018 by launching a solar array on the roof of their headquarters in Kingston, and last year, at least 25 percent of Bread Alone's energy came from the sun.

In addition to serving as vice president of the family business, Nels is a trained climate leader for Al Gore's Climate Reality Project, and a lecturer at the MBA and Sustainability Program at Bard College in New York 19. Nels is also a community leader in the Hudson Valley and Catskills as he serves on the board of Woodstock Land Conservancy and Farm Ferments. Nels holds a B.A. in economics from Colby College, an M.B.A. from NYU's Stern School of Business. The engine of NY 19's economy is the work of small businesses and farms. As we join to celebrate Small Business Week, I am proud to host Nels Leader and highlight the example

of Bread Alone, an innovative small business that continues to improve while honoring their family roots.

Good to have you here. I yield back, Madam Chairwoman.

Chairwoman VELAZQUEZ. Thank you, Mr. Delgado.

And now, finally, I would like to yield to my colleague from Minnesota, Mr. Hagedorn, to introduce our last witness on our first panel.

Mr. HAGEDORN. Well, thank you, Madam Chair. I really appreciate you holding this hearing and celebrating Small Business Week. It is a pleasure and honor to be with you.

I have the pleasure to introduce to you Mr. Robert Hoffman, and his wife Angie seated behind him, from the great city of Albert Lea, Minnesota, down there at the intersection of I90 and I35. And the Hoffmans own Robert Hoffman Realty, Inc., a small real estate brokerage and property management firm in Albert Lea. The Hoffmans are licensed in Minnesota and Iowa, and they specialize in residential, rental, and commercial real estate sales, and management in southern Minnesota. Owners Angie and Robert are each licensed in real estate and members of the Realtor's Association, the Minnesota Multi-Housing Association, and the Hoffmans own and manage about 80 rentals and are active volunteers and pillars to the community in Albert Lea with their work and dedication to the Human Society, the Chamber of Commerce, Lions Club, Heritage Preservation Committee, and the Children's Center, and their local political organization, believe it or not. And the Hoffmans do not happen to have children, but they do have four rescue dogs. And we welcome you and are looking forward to your testimony, Robert. Nice to see you.

Chairwoman VELÁZQUEZ. Thank you, Mr. Hagedorn.

Ms. Giasullo, you are recognized for 5 minutes.

STATEMENTS OF GIA GIASULLO, OWNER, BROOKLYN FARMACY & SODA FOUNTAIN; AMY FOX, PRESIDENT & OPERATIONS, SPIRAL BREWERY HASTINGS; NELS LEADER, VICE PRESIDENT, BREAD ALONE BAKERY; ROBERT HOFFMAN, BROKER, ROBERT HOFFMAN REALTY INC.; JASON BROCHU, PRESIDENT AND CO-OWNER, PLEASANT RIVER LUMBER; BILL SKALISH, OWNER, GRANITE TECH, INC. AND THE BENCHMARK GRP, LLC; JERRY KORTESMAKI, OWNER, LONDON ROAD RENTAL CENTER; DAVE WALTON, FARMER, IOWA SOYBEAN ASSOCIATION; BRITTNEY REESE, CO-FOUNDER AND HEAD FIT COACH, FIT & NU; COLLEEN CRUZE BHATTI, OWNER, CRUZE FARM; SHAWN PULFORD, CEO, LB WATER

STATEMENT OF GIA GIASULLO

Ms. GIASULLO. Hello. Is that working? Okay. All right.

Hello, my name is Gia Giasullo, and I am the co-owner, along with my brother, Peter Freeman, of the Brooklyn Farmacy and Soda Fountain.

I want to thank Madam Chairwoman, Nydia Velázquez, for inviting me, and the Committee, to participate in this testimony. It is my honor to be here, and I thank you for the opportunity to speak on behalf of small businesses.

There are a million faces of small businesses and I am just one. I am here to give a face to one small business. And I am here in solidarity with all the other small businesses across America. Like me, they are committed to making their street, their state, and their country a better place.

I am also here to express my gratitude to the Small Business Association and the NYBDC, who invested in us and who continue to support us. We received a 504 loan from the NYBDC and we were also graciously awarded the Small Family Business of the Year.

I would not be here with you speaking to you today without their commitment. Their support came to us and allowed us to invest in our business when despite our best efforts no big banks would.

Finally, and most importantly, I am here today because I strongly believe that small businesses provide priceless contributions towards the overall wealth and health of a community, and therefore, deserve your special attention and support. We are like you in that we serve our community. So I invite you to visit us and I invite you to speak with us.

The Brooklyn Farmacy is located on the corner of Henry and Sackett in Carroll Gardens, Brooklyn. We are housed in a restored apothecary and the original interior boasts a 100-year-old penny tile floor, wooden drawers, and a tin ceiling. There are nine red twirling barstools and a Bastian Blessing soda fountain made in Chicago. We are a full-service soda fountain with a staff of 15.

We are best known for our creative ice cream sundaes with names like Affugazi Affogado and the Sundae of Broken Dreams, made with vanilla ice cream, warm caramel, broken pretzel rods, and fresh whipped cream.

In the late 1940s, before drive-thrus and bottled sodas, the number of soda fountains in America reached 125,000 at its height. There was a fountain on almost every Main Street USA, serving as a watering hole for the community. Today, the Brooklyn Farmacy is one of only a handful of full-service soda fountains in America, but we proudly serve the same purpose as a gathering spot for young and old alike. We are a slam dunk for visiting grandparents, as well as several regulars who are just hitting the ripe age of 4.

It has been 9 years since we opened our doors in 2010, and since then we have watched gapped-tooth kids turn into college-bound kids, several of them we have hired. We have hosted birthdays, anniversaries, and showers. We have made hundreds of egg creams at local fund-raisers. We have hosted senators and assembly members for civic talks, even a wedding. The pink bench outside our store has seen more than one bent knee proposal.

We donate year-round to schools, and class visits are a regular event. We have been featured on numerous cooking shows and media outlets. We are visited by tour groups from all over the world and we offer free egg creams all day on election days, this most recently noted in an editorial in the New York Times on how businesses can encourage citizens to vote.

Though we are a tourist attraction, we are committed to our neighborhood. With weekly events like taught singalongs, a knitting group, and a civics night, we have the opportunity to be part of our community and in the end serve them more than something

to eat. We have antique rotary phones, typewriters, and adding machines. In fact, our collection is getting a bit out of hand. We have comic books, piles of them that we gently place on the table if the cellphones come out. We have candles and songs for birthdays. We make treats before your eyes. And sometimes we invent things on the spot because, hey, kid, that is a good idea.

We source locally and we pride ourselves on working with vendors, some of whom deliver items on their bike. Our staff is offered flexible schedules, and many have worked with us for years as we employ them through schooling, travel, sports, and performance schedules. We strive to foster community amongst our staff, and we value their voices. We know that we are not the last train stop for them, so to speak, but we encourage them to embrace the philosophy of how you do anything is how you do everything. We value hard work and by example teach them. For many, we are a first job after school and weekends. We also value the transitional time for youth gaining independence, and we provide a safe place in a big city for those who are away from home for the first time.

Can I have 10 more seconds, please?

Chairwoman VELAZQUEZ. Sure.

Ms. GIASULLO. Okay. This is not to say that this is not a hard game to play. As business owners, we often wear all the hats. If you give us an eighth day of the week, we would probably work it. The cost associated with doing business can be almost prohibitive, from insurance to payroll taxes to credit card swipe fees, all before we have even bought a tub of ice cream. A big company has the resources to hire for all these positions, yet a small business person often needs to juggle many positions at once. Look at me. Me, a designer, marketer, copywriter, photographer, event planner, social media producer, window designer, chef, waitress, soda jerk, and on some occasions, a dishwasher who trains, schedules, hires, and fires. For the record, I am the mother of two teenagers and this summer I will be celebrating 25 years of marriage.

As I said from the beginning, I believe that small businesses provide immeasurable value to neighborhoods and communities. In our case, memories are created before our eyes—first birthdays, first egg creams, first jobs. We are the spot tourists plan to visit or find by luck. We are the spot you would bring your visiting sister. We are the spot you come to sit alone at the counter to read the paper. We are a real place. We are that place. We value our customers, and by extension, we value our community. We are not just the corner store, soda fountain, a business without a face. I am my customers' neighbor, and I am the face of a small business in America.

I thank you for your time today.

Chairwoman VELAZQUEZ. Thank you, Ms. Giasullo.

And now, Ms. Fox, you are recognized for 5 minutes.

STATEMENT OF AMY FOX

Ms. FOX. Thank you, Chairwoman Velázquez and the other members of the House Small Business Committee for the opportunity to speak with you about Spiral Brewery and our experience as a small business in Hastings, Minnesota. Thank you also to Representative Craig for inviting Nick, Jen, and I here today to testify

and represent Minnesota's 2nd Congressional District and our hometown.

About 6 years ago, we started dreaming of beer. Jen, Nick, and I were drinking Minnesota craft beer and discussing our deep love for our hometown, Hastings, Minnesota. In that moment we saw Spiral Brewery. After a few months of dreaming, we started transforming our big ideas into a plan, with countless and tiring hours of industry research and informational interviews. With the generous craft beer community in Minnesota, we had the beginning of a business plan. After being reconnected with our friends, Luke McGuire and Claire Sandahl, we had the beer and we had our team. At this time, the craft beer market was beginning to boom in Minnesota, but our region was completely void of a tap room and distribution brewery.

Hastings is a unique town on the Mississippi River that was in a time of transition and growth. The combination of this geographical brewery void, the town's continued growth, and our desire to contribute to our beloved hometown made it the perfect time to bring Spiral Brewery to fruition in Hastings's historic downtown Riverfront District.

After releasing our business plan in 2015, in order to publicly announce Spiral Brewery, we began working with the City of Hastings to amend brewing ordinances and regulations. We are grateful that the city, both staff and elected officials, and our local Chamber of Commerce, are supportive of new business and were yearning for creative entrepreneurs.

Opening a brewery is an extremely expensive small business endeavor. Spiral Brewing needed to raise \$1.2 million for the initial construction and upfront costs. Through consultation and advice from the brewing community, industry research, and valued business consultants, we knew we would like to solicit over half our funds from an SBA loan to support our business. Finding a financial institution to back a brewery is a complex process and quickly became one of our biggest challenges.

Our team met with and discussed possible loans with about 10 different financial institutions locally and statewide. We ended up securing funds through Pioneer Bank out of Mankato, Minnesota. Pioneer Bank makes it their business to support brewing and distilling in Minnesota. They understand the beer and liquor industry and are willing to learn and grow with their customers. This was most apparent in their creative structuring of our financing. Pioneer Bank's intimate knowledge of the SBA 504 loan program, along with expertise of Prairie Land Economic Development Corporation, our SBA loan financier, allowed for the appropriate budgetary line items to be covered under the SBA 504 loan while other items were financed by a loan direct from the bank. Simply put, Spiral Brewery would not be able to open without the financial assistance from our lender and the SBA 504 loan program.

The remaining financing of Spiral Brewery came through individual equity investors. With community being in the forefront of our business, a community-based funding model was developed with nearly 100 percent of our equity investors coming directly from the Hastings area. It has been this community's support that has been one of our biggest joys and kept us going through the

countless challenges of opening Spiral Brewery. They continue to be a pillar of support in our ongoing progress.

Every day our Spiral team act as manufacturers, custodians, event planners, servers, apparel designers, saleswomen, delivery drivers, and cicerones. Running a small business comes with daily joys and challenges as we often face unexpected hurdles, but we would not be where we are today without each one of our backgrounds and experiences.

Spiral Brewery has been open for just a year now and we have become a destination brewery that distributes to bars, restaurants, and liquor stores. Our brewery adds to the vitality of established small businesses along our Main Street where over half are also woman-owned and operated. Spiral builds and encourages our local business and helps our city prosper with new people to experience our community and spend time and money in our historic downtown district. The story of Spiral Brewery encourages our community to believe in people with a dream and supports people who work hard for things they are passionate about.

Thank you again for allowing me to testify today before the Small Business Committee. I am happy to answer any questions you may have.

Chairwoman VELÁZQUEZ. Thank you, Ms. Fox. And you were on time.

Mr. Leader, you are now recognized for 5 minutes.

STATEMENT OF NELS LEADER

Mr. LEADER. Good morning, and thank you for having me. I appreciate your time very much.

My family and I own and operate Bread Alone Bakery, a certified organic bakery in upstate New York. We have about 200 employees and every day ship about 15,000 loaves of bread to our customers around the northeast.

I am here today to share with you the story of Bread Alone and some observations from running our business. There was not an exact plan when my father started the business in 1983. He was a philosophy major guided by his instincts. He ended up in cooking school with contemporaries, like Anthony Bourdain. In reflecting on his decision to start a bakery he said, "Sometimes you have to lose your mind to come to your senses."

As a young child, I can remember my dad trying to teach me the responsibilities of running a business. I remember him showing me the newspaper, pointing out the challenges that people faced in our community and around the world. Though we were never a political family, there was always a civic ingredient in our breads. By baking simple, honest food, my father contributed to our community. By setting an example of a simple, moral life, my father aspired to touch more people than he could feed. We use a quote from Nelson Mandela to capture the spirit of the business: "Let there be work, bread, water, and salt for all."

I joined the business 7 years ago, fresh from business school and experiences gained from my first career as a consultant. I found my passion at Bread Alone though, building a thriving, viable company that also sustains our people and planet. In this way, I strive to

honor the history of Bread Alone while maintaining a healthy bottom line.

First, a few words about our people. Unemployment in our area is as low as 3.6 percent, but the poverty rate is as high as 20 percent. The fact of the matter is that economics of hourly work are untenable for too many of our employees and community members. Though Bread Alone's average hourly wage is 50 percent above the New York minimum, and more than double Federal, support services are insufficient. Too many of our employees lack affordable childcare. Healthcare is too expensive. Employees do not have access to transportation to and from work. What would be a basic life interruption to many, a car break down, a sick child, becomes an obstacle to economic freedom and well-being.

Some of our employees have spent time in the criminal justice system, often from a young age. These employees often know little else. Adaptation to the workplace is a struggle. I see our employees striving to do well, build a career and a family, but the deck is stacked against them. Whether the contradiction of the bakery, we are surrounded by underemployed individuals, yet building a quality team remains our biggest challenge. Though we invest all we can back into our employees, financial realities only allow us to do so much.

This is where government can be most effective. Provide the support that our hourly employees need to overcome the bumps and bruises of life, a health emergency, job retraining, even a brush with the law. When you invest more in your working class constituents, you build up the workforce and give small businesses, like Bread Alone, the ability to thrive.

And now some words about our planet. The last 4 years are the hottest 4 years on record. I lived on East Seventh Street in New York City when Hurricane Sandy brought flood waters to within blocks of my apartment. Did the Capitol feel warm last month? It was. It was about 6 degrees above the average for April.

While the brunt of climate change is borne by the least fortunate among us, we all feel its effects, even at the bakery. An historic bomb cyclone in the Midwest this past April flooded over a million acres of farmland. Farmers are struggling to get crops in the ground for the harvest so prices may increase this fall.

I hope for us and for all the hard-working farmers across the world these dramatic conditions subside. But hope is not a plan. We must decarbonize our economy to avoid the worst effects of climate change. One of the farmers, Marshall Cargill, that my father visited in the early days said, "If we do not take care of our land and take care of it now, who will?"

To this end, we have rolled up our sleeves at the bakery and gotten to work. On Earth Day 2018, we officially commissioned 196 kilowatt solar array on the roof of our bakery. We have committed to getting to 100 percent renewable energy by 2030, and we plan to get there much faster than that. This means more solar energy, adoption of battery-electric vehicles, energy efficiency retrofits and more.

This process is not easy, but the good news is that our customers want to see changes like never before. Our record high 72 percent of Americans indicate that global warming is personally important

to them. Eighty-three percent of millennials indicate that they want companies to implement sustainability programs.

Both business and small government have an incredible opportunity to respond. We have the technology. Our customers and constituents want the change. But under current conditions, resource constrained small businesses struggle to invest now what they will not see back until later. This is a market failure that the government can fix by more aggressively incentivizing investments and renewable energy and sustainable technologies. Bridge this gap and small businesses will thrive by delivering both what our customers want and what our world needs.

One more point. Decision-making is one of the constant challenges of running a business. Decisions never feel perfect. They are often scary. Almost all require change and adjustment over time. We always remind the team at the bakery progress, not perfection. The only bad decision is not making one at all. The world will pass you by.

I am not a policymaker, but I imagine that your work is extremely difficult. So many competing interests and constituents to address, not to mention different views of the world within yourselves. But supporting the best work of your small businesses demands action. During your time of public service, I urge you to embrace the moment, each other, and the opportunity to serve your constituents. Like the small businesses in front of you, seek progress every day. Thank you.

Chairwoman VELAZQUEZ. Thank you, Mr. Leader.

And now, Mr. Hoffman, you are recognized for 5 minutes.

STATEMENT OF ROBERT HOFFMAN

Mr. HOFFMAN. Thank you very much.

A very interesting panel to follow after listening to the two speak on their foodservice and the brewery. I personally quit drinking quite a few years ago but speaking in front of Congress, a beer is starting to sound pretty amazing.

My wife and I have not traveled in a long time, and this is our first time actually leaving because of the small business that we own. As a matter of fact, I own a small business that you have probably all heard of. There is a Robert Hoffman Realty in every single city in every single state. And honestly, most of them are not Robert Hoffman Realities, and many of them are not real estate companies at all, but we all know a Jensen Excavating or we have all had Mrs. Jerry's salads. We have all been saved by Jim Kelly from Kelly Plumbing and Heating. We have bought flowers from Addie's Florals or had our watches fixed at Fisher's Jewelers. It just turns out that we are really not good at naming our companies. We have all just named them after ourselves. I do not think we have the time or the resources for a proper advertising campaign.

My name, as I have mentioned, is Robert Hoffman. I run a small real estate brokerage in Albert Lea, Minnesota. So small that it is Robert Hoffman Realty, and I actually do not even own it. My wife, Angie, owns 51 percent of our S corp, so Angie owns Robert Hoffman. And Robert Hoffman Realty. A lot of lost arguments happen

when I say, "I am Robert Hoffman," and she says, "I own Robert Hoffman Realty."

Right after college I started in real estate, and now I have about 15 years of real estate experience. And what I want to talk about just quickly is that small towns are obviously the hometowns to small business, and every little bit helps in small business. My wife recently was able to leave her career of 11 years to work for our small business, and that is not nothing when it comes to small business. For her to leave a large, fair, corporate position with a local newspaper that she was at for 11 years to come work for our small business is actually an honor.

We have actually been married for 514 weeks today. We got married on Wednesday, July 1st, and every Wednesday I have wished her a weekiversary. And today is our 514th weekiversary. We will actually have been married for 10 years this July. Angie and I actually met at a leadership class, and again, how every little bit helps, I walked into a random leadership class in Albert Lea, sat next to a, as you can see, very good looking gal. Asked her what she was doing that weekend and she accidentally gave away my surprise birthday party. So that is how I met my wife who I currently work for. So that is how I met my boss.

Like Jim had said, we are a small business. We just run and manage and own 80 rental units, a nice real estate brokerage in Albert Lea. We do commercial real estate as well, and one of our successes is we have helped sell a couple of vacant Walmarts to a nice company called Bomgaars from our area. As a matter of fact, one of the Walmarts that we sold that was vacant was in Jim's Blue Earth and in my Albert Lea. A success story to that was filling places that were void. In Albert Lea, it had actually sat vacant for 10 years, and then we were able to fill it. With Jim's, that was the second one we had sold, and that one did not take as long. You start to feel good about selling Walmarts when you get a few of them under your belt. However, if you have sold one or two, you have sold all of them in your region.

Our small business, like so many other small businesses, have the little things that help a lot. And our downtown just went through a nice revitalization where my office is located, so having the historic grants to help with our downtown revitalization has helped my small business grow. And as a matter of fact, this weekend, excuse me, this weekend, Albert Lea is actually hosting the Governor's Fishing Opener. So a small group of people got together and said, you know, I think it is going to help with Albert Lea and our businesses if we dredge our lake, and they started that about 12 years ago. Now, our lake is being dredged, and this weekend our Governor's Fishing Opener is in Albert Lea. So again, all these little things really do help.

Many have given their all to see small businesses succeed. We chose not to have kids. Work came first. This is only the second time we have ever traveled. You can tell the small businesses mean a lot to people. To even pole punch and say that this does not mean everything to us, obviously, I would be lying. We have had our successes and our failures. We have concerns of one small accident and we are not there to run the business anymore. We have employees that work for us and look to us for their employment. It

something goes wrong with that, it is rather intimidating to not be there for them. So, like I had mentioned, small businesses thrive in small towns, and every little bit helps.

Just a real quick conclusion, two things. Just a small story I like to tell about any situation, but it definitely reflects small business. And the story goes, there is a gentleman in a hole screaming for help and a small business government regulator works up and says, "I will pass a new law," and walk away. And the gentleman, scared and in this hole is still yelling for help. So then an inspector walks up and says, "We will change the process so this never happens again," and walks away. And the small business owner is in a hole, scared and still screaming for help. Then another small business person jumps in the hole with him and he says, "You are crazy. Now we are both in the hole together." And the other small business owner says, "Yes, but I have been down before and I know the way out."

So every little bit helps. We appreciate things as small as even this hearing or anything that you guys do for us in the future. I appreciate all the time.

Chairwoman VELAZQUEZ. Thank you, Mr. Hoffman.

Let me thank all of the witnesses. Your moving stories, powerful. I wish that every member of Congress were here because sometimes, as Mr. Leader said, we need the synergy of the work that you do to improve and strengthen Main Street, but also how can the government play an important role, whether it is knowing the unintended consequences of legislation that we pass and that you are not an afterthought, that you are provided a voice, and that is exactly what we are trying to do here. So thank you so much for all the work that you do. And when people say that small businesses are the engine that fuel our economy, we mean it on this committee.

So Ms. Giasullo, I would like to hear from you, what was your experience, as well as Ms. Fox, because both of you got an SBA 504 commercial loan that you went through, and if there are any improvements that you feel should be made to help expedite, streamline the process, how can we better improve the lending programs? Because that is one area that I intend to put some energy into.

Ms. GIASULLO. I am very happy to answer that question. And first of all, just want to again reiterate that one of the unique aspects of working with the SBA and the NYBDC to get the loan is that they heard and took into account our story. Because, you know, as you have heard, the small business is not just a business. There are actually people behind it and there is a story. And I felt, you know, when we walked into the big banks and we started off with telling our story, we came down to three pieces of paper that they needed to analyze in order to give us funds. We were more than those three pieces of paper. And so I just want to acknowledge and the process and that the totality of who we were was taken into account.

I think that the process took longer than it needed to, and I think that there was information about what was needed from us that could have been given more in the front that would take more time to produce reports, et cetera. So I think that the streamlining of the process could be stronger.

Chairwoman VELÁZQUEZ. Thank you.

Ms. GIASULLO. I also think just to get some younger people in some of those higher positions who are hungry, like we are.

Chairwoman VELÁZQUEZ. Thank you. Thank you.

Ms. Fox?

Ms. FOX. I would actually just second everything that she just mentioned. We actually were pretty lucky in finding Pioneer Bank because unlike your experience, we actually found a partner that did listen to our story and found that important. And actually, we had a really seamless process working with them and Prairie Land, who was our financier going through the 504 loan process. It was pretty smooth. I mean, having just opened a brewery, we were very comfortable with mountains of paperwork, so that was not unusual to us. But they really made it seamless and explained everything and were really accommodating to our schedule in getting it all to work.

Chairwoman VELÁZQUEZ. Thank you.

Mr. Leader, I am so pleased to see how you have grown, and in the process you have done so in an ecofriendly manner. And I really thank you for your commitment to sustainability and protecting our environment.

But there is also one thing that you mentioned that struck a chord, and that is investing in the working class, investing in workers. How can the government help? What can we do? What type of investment? Is it infrastructure? Is it training, retraining?

Mr. LEADER. Sure. Thank you so much for the question and the opportunity to talk about this a little bit more.

I will relay a very brief personal story. I think, like many people in this room, I recently dealt with the care of an elderly person in my family and saw them through the end of their life. And in two recent experiences I engaged with the Medicare system and it worked well. My grandparents were able to pass with dignity, and the family was able to maintain our lives without sacrificing our economic well-being because of the success of that program.

What I see every day as a small business owner is that that security, that healthcare security simply does not exist for too many of our working class employees. So an issue that affects all of us, and I know this is not a new issue to highlight for you all but it deserves extra attention and I want to use my time here to highlight it because that cost and a lack of security that our employees have in their lives needs to be fixed.

Chairwoman VELÁZQUEZ. Thank you.

Mr. Hoffman, you mentioned that renovations in your downtown area has led to many successful businesses and that cleaning up a local lake would potentially bring in more tourism. Do you think that a large scale infrastructure package that modernizes roads, bridges, and lakes in towns like Albert Lea would spur economy development in those areas?

Mr. HOFFMAN. I honestly do, but I do not want to fall peril to not the small pieces of the puzzle as well. Small deed grants that were available for buildings such as mine in an historic area that helped small businesses with the non-sexy things with our buildings sure have helped smaller scale. Large broad stroke and large

sweeping programs definitely do help but often look past the smaller ones of us.

Chairwoman VELÁZQUEZ. Thank you.

And I now recognize Mr. Hagedorn.

Mr. HAGEDORN. Thank you, Madam Chair. I appreciate the testimony of all the witnesses and congratulations on building up small businesses, successful small businesses. It is very difficult. A lot of businesses, unfortunately, do not make it to your level. And so we commend you and appreciate what you are doing for our communities.

Ms. Fox, I would say thank you for mentioning Pioneer Bank in Mankato. Those community banks of small businesses as well are helping you, and I guess that access to capital is pretty important, is it not?

Ms. FOX. Yes.

Mr. HAGEDORN. And what would you have done if you could not go out and borrow the money or get the loans in order to start your business? It would have been tough. Thank you.

And Robert, it is good to see you, Mr. Hoffman. Knowing you a little bit, I can tell you that you are a hard worker. You are the embodiment of what it means to be a small business person. You and Angie both. And you put your capital at risk. You put everything into this business. You work hard. You are entrepreneurial, innovative, and what you do is so critically important for our communities. You are helping to sustain folks and help them find a nice roof over their heads. You are creating opportunities where maybe sometimes the big box stores leave our little towns and you are trying to fill those and make sure that our communities are as vibrant as possible. And we appreciate all that.

Robert, what exactly, when you look at government's role, you talked a little bit about that being down there and needing help. Government can be good and government can be bad. In the areas of regulations and taxes, energy, workforce, healthcare, what are your thoughts about what has been good and maybe what needs to be better?

Mr. HOFFMAN. Honestly, Jim, I am in real estate, so we really do not have much for regulation or paperwork, which is not true at all.

We probably spend more time in regulation in our industry than we do improving our industry, and I think that makes us take two steps back every time we try and start a race. Somewhere we fall peril to is being so close to Iowa with a different business structure in both business and real estate development. One example, obviously, is the Affordable Care Act is not affordable for employers. Another example is we see a strong brain drain in our region, two larger areas that just plain may offer a little bit more, and the brain drain, students leaving and not returning, has actually led to a generation drain. So the students will leave Albert Lea, for example, start a family somewhere else, and then soon to follow is actually their parents who were community members of ours but left now to be near their grandchildren. If we had something to make things just a little bit easier to sustain the population rather than maybe lose, and honestly, we have not even been talking about growth yet. We are not in growth. We are just trying to sustain.

So, yes, a lot of extra regulation has made it, honestly, a little bit easier to leave than it has been to stay. As with investors. It is easier not to invest in real estate in my area in particular, than it is to invest. And what it has led to is no new market rate apartments have been built in my town since 1990. So it is tough to grow a community when we do not have a roof for the new people trying to move to town.

Mr. HAGEDORN. So there is some competition between, for instance, big businesses that can offer benefits and have some hooks to bring in folks to be employed and smaller businesses that sometimes have a tough time competing. And then there is also a little difference between some urban areas and the rural areas. And do you think that it would be important for government to have some extra incentives to make sure that folks have opportunities in the rural areas and that—

Mr. HOFFMAN. Yes, I definitely do, especially, like I said, under the umbrella of housing. Right now, if somebody was to look to Albert Lea to come live, whether it be a teacher, an officer, or a new transferee to a company, and they know they may not buy a home right away but they are looking for just a comfortable market-rate rental to live in and we do not have that to offer, we just plain lose them now to communities just a little bit larger than ours who do have that housing available. And we do not have housing being built in town because it is just far too expensive to do it. Not just expensive in the wood, the shingles, and the windows, but the regulations required behind housing. In Minnesota, it is so expensive. There was a recent MinnPost article just last week stating building a building in Minnesota or across the river in Wisconsin, that it is close to 30 percent more expensive to build in Minnesota. Real tough to compete.

Mr. HAGEDORN. Maybe this weekend when you have the governor down for the Fishing Opener you can talk to him a little bit about that.

Mr. HOFFMAN. A couple of friends of mine that I honestly grew up with and had a paper route together are the two hosting the governor. Yeah, I am going to put a few bugs in their ears. They are going to be in the boat with them for quite a while.

Mr. HAGEDORN. We appreciate your appearance. Thank you very much

Madam Chair.

Mr. HOFFMAN. Thank you.

Chairwoman VELAZQUEZ. Thank you. The gentleman's time has expired.

And now we recognize the gentleman from New York, Mr. Delgado, for 5 minutes.

Mr. DELGADO. Thank you, Madam Chairwoman. And thank you, each and every one of you, for your truly inspiring stories, and to hear you all speak with such love and affection and passion for what you do. It is incredibly heartwarming. So thank you for your dedication and for your commitment and all the opportunities that you provide for others in your community.

I want to personally thank you, Nels, for coming. It is good to have you hear and good to hear from you.

I want to talk a little bit about, or at least revisit your conversation about the need to invest in green energy technology, and so much of the incredible work that you and the company as a whole have done to invest and help spur that growth and take us in the right direction.

As somebody who has sort of prioritized this, can you describe for me the ways that Congress can play a role in incentivizing sustainable behavior so small business owners, like yourself, are able to build and promote small green businesses?

Mr. LEADER. Absolutely. And thank you for the question and for having me here, Congressman Delgado. I greatly appreciate it.

So let me start by saying that as big as this problem is, in it I see incredible opportunity for small business. I highlighted in my testimony that folks want to support sustainable businesses out in the world. They want to vote with their dollars, but everyone's life is busy so you have to give them an easy choice. We have to do a lot of the work for them. But there is great opportunity for small businesses to respond to that demand.

To your question, Congressman Delgado, of what do we do, let me give you some examples of what does work and what does not work. I am going to start with the latter, what does not work.

In winter 2018, when Bread Alone was planning the solar array for our bakery, Washington announced and then rolled out a 30 percent import tariff on solar panels. That changed the economics of our project overnight. We had to spend money in soft costs to replan it and then the economics of the project overall were not as strong. So that sort of signaled to business that there is uncertainty in doing this work is not what we like to see. No business likes uncertainty. So we cannot do that. What we can do, there are lots of tools that are established that work to incentivize investments within business. The section 179 program is a wonderful program. That allows Bread Alone to purchase equipment and depreciate it on an accelerated basis, thereby bringing down the cost of the equipment. That is a great program. Federal investment tax credits on renewable energy, that is a great program. So those are examples of things that Congress can promote, extend, do more of to incentivize renewable energy with small business.

Mr. DELGADO. That was great. Thank you.

And just a quick follow up. You know, obviously, there are environmental benefits. You know, that is the goal. But, you know, from a business mindset, can you detail a bit of the economic outcomes from your vantage point with these kinds of investments?

Mr. LEADER. Thank you for the follow up because that is a critical point.

I highlighted earlier in my testimony that although I have these values as an individual, I also see after the bottom line of our business, and I come from a very traditional business background. So I do not make decisions just out of a moral judgment. I do it because it is good for our business.

We financed our solar array in a way that is essentially cost neutral. We could have financed it a little bit longer and it would have been cash flow positive.

Right now, across this country, the least expensive ways to create energy are through solar and wind. That is the least expensive

way that we know to create energy on this earth. So when you substitute more expensive energy with less expensive energy, you can save money. It is a scary investment that pays out over the long term and that is where government can step in to solve that market failure.

Mr. DELGADO. Thank you.

With that, I yield back my time. Thank you, Chairwoman.

Chairwoman VELAZQUEZ. The gentleman yields back.

And now we recognize Mr. HERN, Ranking Member of the Subcommittee on Economic Growth, Tax, and Capital Access from Oklahoma, for 5 minutes.

Mr. HERN. Thank you, Madam Chairwoman.

I really appreciate you all being here today, and your testimony is certainly near and dear to my heart. I have been a small business person for 34 years, job creator, franchisee, banking, manufacturing. I could go on and on, 30 or 40 small businesses today.

I appreciate, Mr. Leader, first of all, you have got a cool name. I was just thinking if you were to come into Congress and get on the majority side your name would be Leader Leader. So that would be kind of cool.

Mr. LEADER. I have a new career goal.

Mr. HERN. Yeah. Yeah. There you go. So put that on your bucket list; right?

But, no, it is great to see you all here. And, you know, one of the things, you know, I have never run for office before and so when I got here it was sort of amazing to me the lack of, people agree with your stories, they like your stories, people who have never been in business before. But I have also found it interesting when business people come here that they think the Federal Government has an unlimited amount of money and that somehow they can do it better than you can as individuals. I applaud you, and each of you individually that have done things for sustainability. I could talk about many, many things we all need to do and have done to protect our environment. And like you said, you have to still watch out for the bottom line. The Federal Government, quite frankly, is part of the problem that many people who have ideas cannot get into business because of the regulatory processes. In fact, you had mentioned that healthcare costs, and I think, Mr. Hoffman, you mentioned it also. Prior to 2010—I saw where you had 200 employees—prior to 2010, did you offer health insurance?

Mr. HOFFMAN. I joined the family business in 2012, and I would be stepping a little bit out of my comfort zone talking about what we were doing prior to 2010 and earlier.

Mr. HERN. Sure. Sure.

Just quite frankly, the cost went up dramatically. I offered insurance for years, and the cost went up dramatically when we centralized the healthcare to the United States Government as opposed to individual markets. Just a fact. We can disagree all day long. It is just not the truth to say it did not happen.

But when we talk about these things, you mentioned, and I want to make sure to give everybody a chance here, thoughts because you have varying levels of employment base, which puts you, sort of divides you even in this group up here, the Federal Government has done a great job of dividing you up as small business people

to pit you one against the other, or two or three of you care about what the other person said, it is just based upon your employee base. And I think if we truly cared about all employees, all people, we would take all regulations down to the smallest employee base of one. And that way everybody is in lockstep in really, truly caring about the individual worker.

So with that said, let us just start here on this end. What are some of the regulatory processes that you have seen in your business life so far that you would like to see maybe the government get out of your hair?

Ms. GIASULLO. Well, there is always the health department that I think in New York City is a bit outrageous. I mean, I think that we just sort of budget in for it but—

Mr. HERN. I am sorry; if we could, let us keep it on the Federal level because I agree with you, we could get rid of the health departments.

Ms. GIASULLO. I am going to yield actually for that.

Mr. HERN. Okay.

Ms. GIASULLO. Because I feel like we are small and I do not feel like we, you know, besides the loans that we have taken, we do not have a lot of regulatory—

Mr. HERN. So tax issues? I mean, tax affects you obviously a lot.

Ms. GIASULLO. I mean, taxes. I mean, I would love to be able to offer my employees health insurance. I mean, I think I can agree and say that this is a point that I cannot afford to do and I would very much like to. But I am going to yield. I am going to yield.

Mr. HERN. Okay.

Ms. Fox?

Ms. FOX. I know one of the biggest areas for us has to do with the Federal excise tax. And I would encourage all of you to support keeping that low, but also consider support for an even lower bracket. Right now, the lowest possible bracket ranges in producing between zero and 60,000 barrels of beer a year, and we, in our first year, are going to be at about 1,000. So it really would help equal the playing field for those new, small microbreweries to be able to compete.

Mr. HERN. Thank you.

And Mr. Leader, I want to, because I am going to run out of time here, I would love to talk to you all day, all of you all. But you mentioned 179. I am very familiar with that. QIP obviously affects if you have a storefront and retail and certainly would affect you dramatically as well. I want you to know this, that it is actually a technical issue in the Tax Code. It is actually available if we could just get it signed off on. And while this is a very, you know, bipartisan Committee, I also want to tell you that it is being sort of held hostage right now to be traded off for something else, and it affects small businesses in a real, real way, to be able to write off stuff this year so you can employ more people, put more capital to work. So, I would encourage us all to take what you all have talked about here today, go back and talk to our fellow constituents, our fellow congressmen and women, and ask them to support the change on the QIP and the section 179 bonus depreciation, accelerated depreciation tactics we have out there.

Mr. LEADER. Do I have a moment to respond?

Chairwoman VELÁZQUEZ. Time has expired. I could give you 10 seconds.

Mr. LEADER. Okay, thank you.

I mean, I would just thank you for the question, Congressman HERN, and comments. You know, the section 179 to me is such a great example of where government and business can work together. So I know you initially asked about places where I would like to see less regulation, but I love to focus on victories and areas of alignment, and that is one great example. And I know there are a lot more.

Mr. HERN. Thank you.

Chairwoman VELÁZQUEZ. The gentleman's time has expired.

And now I recognize the gentlelady from Minnesota, Ms. Craig, for 5 minutes.

Ms. CRAIG. Thank you so much.

My question is for Amy Fox. You noted in your testimony that you are a woman-owned business. A woman-owned business. I would like to hear more about and ask you to describe some of the unique challenges, but also opportunities that have presented themselves as a woman-owned business.

Ms. FOX. Sure, I would be happy to speak on that.

I know I have heard Representative Craig say many times that beer is bipartisan, and it is, but really, the craft beer industry is still a man's game. And it is pretty rare to have a majority woman-owned and operated brewery, at least I know in Minnesota, and I would imagine it would be nationally as well. And so, you know, it does come with challenges being woman-owned. In the process of opening Spiral Brewery, we did a lot of meetings that my husband and I would take. We did experience some sexism and different things where all of the people we were meeting with would always address my husband first, even though I was the one with the numbers and the information. He would kindly then defer to me. So there was some of that. But beyond that there also just I find that Jen and I both have to work a little harder to prove ourselves, especially like in sales. You know, liquor store owners and bar and restaurant managers or buyers are really used to talking to a bearded man, and so when we come in and try to sell, we have to work that much harder to prove that we are knowledgeable and that we have a good product.

And then there is also physical challenges. Despite how strong I may look, I cannot lift a full keg into the back of a car, for example. So Jen and I do most of the delivering, so there are some challenges with that.

But we are really happy and proud to be joining the downtown Hastings district where well over half are also majority woman-owned, and we look forward to, you know, working to change those perceptions.

Ms. CRAIG. You know, the Hastings community is just one of those just beautiful river towns that we have across my congressional district, but across America. Not too long ago though, some of those river towns did not have a ton of development in them. One of the most unique parts of going to Spiral Brewery is just the equity ownership from people inside the community. You can literally see just partial ownership by neighbors. Tell me a little bit

about how building and maintaining those community relationships has impacted your business, and what has it done for your town as well?

Ms. FOX. Well, we definitely would not be here today without the support of our community, both financially and in many other ways. But we were luckily able to secure 34 different individual equity investors on a minimum level and they all had a connection to our community, most of which live in our community. And so it is really important, and they feel that ownership, and they come to the tap room all the time. And we would not be here without their support.

Ms. CRAIG. That is great.

And then my final question is really about expansion opportunities. I know that you are now distributing to liquor stores and other areas around the community. Are there any barriers that you have in sort of just breaking into that broader market with so many microbreweries and big breweries in Minnesota? And how can we make it easier for a small business like yours to expand?

Ms. FOX. I did just already speak on the Federal excise tax. That is definitely something that would help a small and microbrewery help to level the playing field and compete. And then other than that it is really, you know, we are in our first year of business and money is tight, and you need money to spend money. And you need money to grow. So it has been interesting trying to figure out how to do that. You know, and little things like mobile canning lines that have now popped up, we do not have the space or the money to invest in equipment ourselves so, you know, we are able to use companies like that to come in and can for us and it opens up a whole another industry and area for us to sell to.

Ms. CRAIG. Thank you so much, and thank you all for your incredible success.

Ms. FOX. Thanks for having us.

Ms. CRAIG. And Madam Chairwoman, I yield back.

Chairwoman VELAZQUEZ. The gentlewoman yields back.

And now we recognize Mr. Stauber from Minnesota, Ranking Member of the Subcommittee on Contracting and Infrastructure for 5 minutes.

Mr. STAUBER. Thank you, Madam Chair.

Ms. Fox, I obviously came in here late, and my question for you was going to be on the per barrel tax from \$15 to \$7.50. Because you have only been in business for a year you have not experienced that yet?

Ms. FOX. No, we only opened in 2018, so we luckily were able to jump in right at that lower level.

Mr. STAUBER. Okay. I could share with you another brewery in the district that I serve in Two Harbors, Minnesota, saved \$60,000 from that change from the Tax Cuts and Jobs Act. That was real money for that hometown brewery. I just wanted to share that with you. So good luck.

Ms. FOX. Thank you.

Mr. STAUBER. And Madam Chair, I yield back.

Chairwoman VELAZQUEZ. Thank you. The gentleman yields back.

And let me take this opportunity to once again thank our distinguished panel for taking time to be with us. You are excused and we will now take a moment to get our next panel set up. Thank you.

[Recess]

Mr. GOLDEN. [Presiding] All right. Welcome to our witnesses on today's second panel. And I will take a minute to introduce you before turning it over for your testimony.

It is my privilege to introduce our first witness, Mr. Jason Brochu, the president and co-owner of Pleasant River Lumber in my district, in the 2nd Congressional District of the State of Maine. Pleasant River Lumber is 100 percent U.S. family-owned Maine business with 4 generations of experience in the forest products industry. Over the years, they have built their reputation on quality, service, and attention to detail. In fact, an example of that detail is stamping an American flag on pieces of lumber that come out of their mill. Perhaps Jason will talk a little bit about that. I anticipate that we are going to hear a little bit from Mr. Brochu about unfair trade practices today that at times put American businesses at a disadvantage, and I think that many people would agree that there are many good American businesses out there that can compete globally with any business in the world, but tough for them to compete with the government. And that is something that Jason is going to go into a little bit of detail about today, whether it be dumping of steel or dumping of lumber at times. We have to make sure that we are putting in place the proper policies to protect our businesses from unfair trade practices of other countries' governments.

I will say very quickly to you all here, this is a great hearing I am going to enjoy very much. The Small Business Committee, I think, is a special place in Washington. Many people I have heard come from other Committees talking about how the discussion and the debate had their blood temperature running hot and then they come in here and things cool down because we have a pretty bipartisan focus and reputation on how we can help small businesses. Not a lot of party politics in here, instead focusing on how we can work together to help small businesses, like Pleasant River. So with that, I would like to just say thank you for coming to Jason, and also his brother, Chris, is here.

And next, I would like to turn it over to Ms. Houlahan from Pennsylvania, to introduce our next witness.

Ms. HOULAHAN. Thank you, Mr. Chair. And thank you very much to all of the panel for joining us today.

And it is my privilege to introduce Mr. Bill Skalish from my community, from the beautiful Pennsylvania 6th Congressional District. I think he will also have a similar conversation regarding trade practices and tariffs as well, which are seminal to the disadvantage that his business experienced.

But Mr. Skalish, for background, has offered products and services to the hospitality industry for over 35 years. During his career, he became a top performing, independent sales rep for Vermax in Salt Lake City and in the early '90s accepted the position of national sales marketing director. At that time, Vermax was the largest cultured marble manufacturer of vanity tops and tub surrounds

-serving the hospitality industry. After leaving that organization, he moved back to Pennsylvania in 1999 to once again become an independent factory rep for several manufacturers. Prior to that, and right out of high school, Mr. Skalish served a 4-year apprenticeship with the IBEW and became an inside journeyman wireman for the IBEW 654. Currently, Mr. Skalish owns two companies, the Benchmark Group, as well as Granite Tech, Inc., and Benchmark is an independent rep organization that performs the sales and marketing functions, and Granite Tech is structured solely as an import company. Granite Tech and Benchmark Group, LLC's current customer base includes the hospitality, multifamily and senior living, and student housing industries. In addition to Mr. Skalish's professional career, he has also had the privilege of serving on the Board of Supervisors for the Franklin Township located in Chester County, Pennsylvania. Thank you so much for joining us today, sir, and for sharing your stories with us.

Mr. GOLDEN. Thank you, Ms. Houlahan.

Finally, I would like to yield to my colleague from Minnesota, and the Ranking Member of the Subcommittee on Contracting and Infrastructure, Mr. Stauber, to introduce our last witness.

And I just want to say to Mr. Kortesmaki very quickly, later this month, Mr. Stauber has invited me to come out to your community to take part in a field hearing that I look forward to very much to see your state, and you have got a great representative here in Congress. So thank you.

Mr. STAUBER. Thank you for those kind words, Chairman Golden. It is a pleasure to work with you on this Committee and the rest of our colleagues.

Today, I would like to introduce a very good friend of mine from Duluth, Minnesota. Hard worker, great family, and just a really good friend of mine, Mr. Jerry Kortesmaki. He owns London Road Rental Center in Duluth, Minnesota. Mr. Kortesmaki is the owner of London Road Rental Center in Duluth, Minnesota. Jerry is an expert in the field. London Road Rental offers tools and equipment rentals in its Duluth, Minnesota location, and party, wedding, and event rentals and supplies in its Superior, Wisconsin location. Thanks to Mr. Kortesmaki's hard work, he now runs a business that spans northern Minnesota and Wisconsin. Mr. Kortesmaki is also active in the American Rental Association, advocating the rental industry's growth, and he is also an active member in the NFIB community. Welcome, Jerry.

Mr. GOLDEN. All right. Thank you, Mr. Stauber.

With this, I will turn it over to our panel, and we will start with Mr. Brochu, who is recognized for 5 minutes.

STATEMENT OF JASON BROCHU

Mr. BROCHU. Congressman Golden, members of the Committee, thank you for having me here today. I am here to provide testimony regarding issues that affect my business in Maine, Pleasant River Lumber Company.

Pleasant River owns and operates four sawmills and a trucking company in the state of Maine. Our current employment is about 300 people, and we are in the middle of a capital expansion project that will increase our capacity by 50 percent, increase our employ-

ment by close to 20 percent, and we are spending about \$25 million throughout our operations. We are primarily a producer of softwood lumber that is used for housing construction throughout the United States. I will touch on four issues today briefly—trade, taxes, labor, and infrastructure.

A critical part of the business environment for our company is the ability to operate our business free of foreign unfair trade practices. For our company that means addressing Canada's unfair trade practices through the U.S. trade laws or by implementing an effective quantitative restraint agreement against subsidized and dumped Canadian lumber imports.

The U.S. industry successfully launched trade cases against Canada in November of 2016, resulting in anti-dumping and countervailing duty rates which have forced Canada to adjust their unfair trade and market behavior and allowed our industry to expand. For my company specifically, leveling the playing field against Canadian unfair trade practices is allowing us to make the necessary investments to increase our capacity by 50 percent and add a lot of jobs. This means not only adding jobs but making more lumber in the state of Maine and more lumber for the U.S. housing market produced in the U.S.

Today, the U.S. lumber industry, through its association with the U.S. Lumber Coalition, is working tirelessly to maintain and defend this trade case against Canada's unfair trade practices by working with the administration on NAFTA and WTO appeals, as well as litigating the first administrative reviews of the anti-dumping and countervailing duty orders before the Commerce Department, under which importers' actual duty liability is assessed. This is a rigorous administrative process that we are very involved in.

Taxes. The Tax Cuts and Jobs Act, and listening to some of the testimony earlier people have touched on this already, you know, has been very helpful to our business in a couple of different ways. Reducing the corporate tax rate allows us to be much more competitive in a global market and the continuance of bonus depreciation are two areas—the tax rate and the bonus depreciation are two areas that allow us to grow and add good paying jobs to our mills in Maine. The 100 percent bonus depreciation has been a big part of our capital expansion in allowing us and enabling us to do that project where we are going to add, you know, a lot of jobs and a lot of economic activity to the state of Maine.

One negative of the bonus depreciation is that it will gradually be phased out starting in 2023, you know, and it has been so important to our business we would like to see that continue.

Another negative of the Tax Cuts and Jobs Act is the elimination of the net operating loss deduction carryback. Our industry is extremely competitive and has incurred losses in nearly as many years as we have turned a profit. So prior to the Jobs Act, the Tax Cuts and Jobs Act, losses incurred in one year could be carried back to affect profits from the prior 2 years, and thus, recoup some of the taxes paid in the prior 2 years. These losses now must be carried forward to partially reduce taxes to be paid in the future. That is another aspect of that act that we would like to see changed going forward. Besides those two, the act has been very beneficial to us and allowed us to grow and expand.

Infrastructure is an essential component of the forest products industry operations. We need massive investment in infrastructure. Our place in Maine has a lot of issues on infrastructure. We need Federal support for that. We transport all of our lumber by truck or rail and it is very difficult. We access a big part of the U.S. housing market, and we have a hard time getting product there because of the crumbling infrastructure.

We also need safe, secure, and abundant broadband. We had a ransomware attack last year that cost our company around \$100,000 between outside vendors and internal work to fix that issue. So for a company our size, it is not devastating, but for a smaller business that cost would have been about the same, and that is a big, big issue going forward.

The last thing I will touch on is labor. Labor is one of the biggest issues we are facing. Unemployment in our state is very close to zero effectively because anybody who wants a job can find one right now. We need to train people in the trades. We need to train people to do things and make things and we have got a lot of jobs available. Good paying jobs and we need to also allow anyone who is honest and willing to work hard legally into our country to help fill these jobs and fuel our economy. We have the work.

So I have on time left. Thank you very much. I appreciate it.

Mr. GOLDEN. Thank you, Mr. Brochu. Impressive in 5 minutes—trade, taxes, infrastructure, broadband, cybersecurity, labor, education, and immigration. It is not bad. I am impressed.

With that, I will go ahead and recognize Mr. Skalish for 5 minutes.

STATEMENT OF BILL SKALISH

Mr. SKALISH. Thank you, Congresswoman Velázquez, Ranking Member Chabot, and Congresswoman Chrissy Houlahan, and members of the House Small Business Committee for the invitation. I am honored to testify before you today.

My name is Bill Skalish. I am the owner of Granite Tech, Inc. My business, Granite Tech, Inc., referred to as GTI, is a small import business located in the small town of Landenberg, Pennsylvania, and was started in 2005. Our business includes the importation of cut-to-fit fabricated granite, marble, and quartz countertops from China to end-users throughout the U.S. Our customer base consist of the hospitality industry, including Marriot International, where we are one of four endorsed suppliers; Hilton, IHG, Wyndham, multifamily housing, senior living facilities, and student housing across the country. We currently have seven employees on salary.

In April 2018, Cambria filed a petition with the International Trade Commission and Department of Commerce alleging that imported quartz surface products from China caused Cambria injury. In September 2018, granite and quartz countertops were added to List 3 of the Section 301 tariffs and 10 percent was imposed. My business has been devastated by these tariffs and the Departments of Commerce's initial decision on the anti-dumping and counter-vailing Cases in association with the Cambria petition. While the Cambria petition primarily pertains to slabs, we are being tariffed

on not only the cost of the materials but also the labor to fabricate the cut-to-fit countertops.

Our customers, including local general contractors, developers, hotel owners, and hotel franchises, have also felt these impacts. Numerous hotel projects have been placed on hold and some cancelled because they were over budget not only because of the extremely high proposed tariffs levied as cash deposits on quartz surface products from China, but other materials facing tariffs as well.

Furthermore, the current CVD/AD cash deposits, proposed duties, affect numerous other companies throughout the country with similar business models.

GTI's collective tariff rate on quartz surface products is currently at 308.05 percent, again, 308.05 percent, which includes the Section 301 tariffs. There is no way my small company can survive this and could end up owing Customs and Border Patrol in excess of \$1.5 million in additional tariffs alone.

Additionally, by collecting the antidumping and countervailing duties in advance, coupled with the extremely exorbitant percentage, Granite Tech is unable to operate as our profit margin is nowhere near 300 percent.

In addition, during bond renewal in January, our collateral dollar amount was so high at \$200,000, money that Granite Tech did not have due to the astronomical deposits we had to pay on the last shipments that were in transit when the AD rate was published in November, Granite Tech can no longer import without a customs bond.

The impact of this case on us is particularly troubling because GTI is currently in hibernation. Due to the high tariffs, we lost two employees out of seven, who were on salary and received substantial bonuses on GTI sales that are now nonexistent. Granite Tech is in hibernation until the next International Trade Commission hearing scheduled for tomorrow, May 9, 2019, at 9:30am, and subsequent ruling, which should happen in June. I will attend the ITC hearing as an audience member as GTI can no longer afford legal fees pertaining to this case. It is unclear whether GTI's import bond will be reactivated due to nonpayment of cash deposits regardless of whether they are refunded should the case be dismissed or the percentages lowered.

I am hopeful that the ITC and DOC will be more realistic in their findings and remedy the percentages, in addition to rejecting critical circumstances, which are 90-day retroactive, on both the countervailing case not currently proposed, and the anti-dumping case proposed and cash deposits in collection. It brings me great concern that the current administration already seems to overlook the impact high tariffs have on small businesses like mine in Pennsylvania and across the Nation.

I would like to thank you for your time and consideration, and will be happy to answer any questions.

Mr. GOLDEN. Thank you, Mr. Skalish.

And finally, Mr. Kortesmaki, you are recognized for 5 minutes as well.

STATEMENT OF JERRY KORTESMAKI

Mr. KORTESMAKI. Well, I would like to thank you for the opportunity to come here and speak my part.

Hello, I am Jerry Kortesmaki. I am the owner of London Road Rental Center in Duluth, Minnesota, and Superior, Wisconsin. I started my business new. I did not buy an existing business. I started February 1st of 2002. My business has 10 full-time employees and 20 seasonal employees. We have grown from nothing to about a \$2 million volume with a \$2.5 million inventory in 17 years.

The Bush era tax cuts of 2001 and 2003 had a huge impact on how I depreciate my equipment. I use section 179 and bonus depreciation every year. This is one of the tax laws that is really working for me and for all small businesses. I have come to D.C. many times and lobbied hard to make this permanent. I have been able to grow my business, my company faster because of it and also, our economy has grown continually because when I buy equipment, like excavators and skid steers, it creates a lot of jobs in the U.S. Thousands of other small businesses use it just like I do. I am kind of addicted to it. I either spend the money or have to pay a lot more taxes because I do not have the depreciation built up to write it off.

This has really helped me grow my business faster and continually. The Job Cuts Act of 2017 saved me about \$7,200 last year. With health insurance going up another 10 percent this year and the commercial auto insurance going up 30 percent, the money was used up fast. We really needed that tax cut to help cover and maintain things. We are an S corp, so the pass-through tax cut that came through is very important to small businesses like mine.

The rising cost of health care, and in fact, the Affordable Healthcare Act took the health insurance away from most of my employees. We used to have a \$1000 deductible and the employees could afford that. Now that the premiums have doubled and the deductibles went to \$6,000, the employees do not have the ability to cover that \$6,000 deductible. So basically, they do not use their healthcare plans. Simply put, the Affordable Care Act has been a disaster for small business. We chase the insurance changes every year and it is a real hassle to keep up with it. It takes a lot of time and energy trying to do the best for our employees balancing cost with benefits.

I feel I have been successful despite the government, not because of it. Things like the Salary Employee Pay issue a few years ago caused a lot of issues. I had to change my pay structure for my management people because of the threats of fines and such, and then it was defeated or went away. That issue cost me a lot of time and money.

The amount of regulation we have to deal with is huge. We have three pickup trucks we use for deliveries. Most of our deliveries are within 100 miles, and almost all of them are within 25 miles. We are in two states. The businesses are about 8 miles apart. All of our drivers have to be 21 because 18 year olds cannot cross that state line. They can drive 200 miles in either state but they cannot drive across that imaginary line between the two. Just a point of interest, an 18-year-old can vote and he can go to war, but he cannot drive across a state line. It is insanity at work.

There are so many regulations. Just the DOT as an example. With drivers' records, drug tests, truck inspections daily and annually, it is a huge cost to keep up on and to track. And then there is the trailers. You have to do the same thing to them.

We rent a lot of different types of equipment and there is ANSI standards, OSHA requirements on scaffolds, ladders, lifts. Very few people understand that ladders are almost outlawed now in this country by OSHA. Then there is the new OSHA and silica and dust regulations. The reason I bring this up is we just do not need to know them for us; we are supposed to educate our customers about them.

The Tier 4 diesel regulations that went into effect for emissions, they are driving up the costs and making it really tough to maintain our trucks and equipment and very expensive, too. Our new diesel trucks are on longer reliable like diesels were known for. They are continually in for repairs, emissions repairs. And in Duluth, we have winter, not Tier 4 friendly at all. The one from Maine probably runs into that same issue.

I have lived the American dream. My wife and I have worked hard for many years to get there. We have jumped through hoops and learned things I thought I would never know. We collect sales tax for 14 different municipalities, and we collect Federal taxes also. We collect child support and court judgments for our employees. My wife works full time to keep up with the taxes and the human resource training and records for our little business. Keeping up with the changes in HR and the taxes is a job in itself.

Something else to think about. Remember, small businesses are tax collectors. We do not get paid to do it. We do not get trained to do it. But if we make a mistake we sure get punished for it.

In my time as a business owner, I think I have heard there is 137 different Federal agencies making rules for us to follow. Then you have Congress and the courts. We need to simplify this complicated system and stop any nonelected border agency from passing any rule or law. We elected you to make the decision, not the bureaucrats. If it does not have enough support for Congress to pass it, it should not be a law or a rule.

I spend a lot of time working to keep these unelected bureaucrats and these agencies happy. This is one of the largest burdens on my small business. And all small businesses. They touch every part of what I do every day, and I do not even have enough time to touch on the employee issues and problems that we are currently having.

Thank you very much. I will answer any questions.

Mr. GOLDEN. Thank you very much, sir.

And with that, I am going to start by recognizing the Ranking Member, Mr. Stauber, who has a constituent who is going to be carrying out the opening prayers on the House floor, so we are going to let him ask questions first.

Mr. STAUBER. Thank you, Mr. Chair.

Jerry, that was well stated. You and I have talked about those unelected, which you refer to as bureaucrats, putting legislation that affects small businesses, and what you and I have talked about and which this Committee understands, 99 percent of our economy is small business. And we, as a small business owner myself for 29 years, there are ups and downs, there are struggles. But

what we need to do is make sure that when we put legislation forward that we understand the consequences, and it has to be a positive, a net positive for our small businesses.

So I have got just two questions. Actually, three. And the first one, you alluded to it in your statement, but did the Tax Cuts and Jobs Act have a positive effect on your business?

Mr. KORTESMAKI. Yes, it did. A very positive effect.

Mr. STAUBER. And what did you say your savings were?

Mr. KORTESMAKI. Seventy-two hundred dollars.

Mr. STAUBER. And then the second question is, what would you say if you had to pick your number one roadblock to be successful in relation to the Federal Government. What would be the number one roadblock?

Mr. KORTESMAKI. That is a gigantic thing. I know currently, and it goes back to what we are battling with with the employee issues is this 18 versus 21 on the Department of Transportation rules. And it is a huge hindrance. We have a young gentleman that is 19 years old now. He has been driving trucks in Wisconsin, or he has to start in Minnesota to do it because he cannot cross that line. And this young guy can drive a trailer as fast backwards as he can forward after doing this for years. But he cannot drive across that crazy line. And finding people—

Mr. STAUBER. And that crazy line for the listeners here is the bridge between Duluth, Minnesota, and Superior, Wisconsin.

Mr. KORTESMAKI. It is two bridges. Yeah.

Mr. STAUBER. The Blatnik and the Bong Bridges.

Mr. KORTESMAKI. You know, so that, and again, taxes is the other big thing. The amount of money that we spend every year with depreciation, with accountants, and with planning for the tax. You know, and it goes back to that 179 has been great, but I am addicted to the spending because I have to, or I have to give the money to the government. So that is a choice I make, which granted, has been great for the economy. It has been fantastic because every year now I spend more money every year. I project what I am going to grow. I project how much I spent last year. And John Deere out of Moline, Illinois, they love me. We have got a lot of yellow big steel out there.

Mr. STAUBER. And then the last question, Jerry, you know, you commented that you have come out to Washington and testified several times. From your perspective, what can we, as a Committee, work on to make sure that small businesses like yours thrive?

Mr. KORTESMAKI. Balancing all these regulations against cost. Every time these regulations come up there has to be a formula in there to understand the fact that it costs us so much money, and somehow as they go forward in all of these other, Department of Transportation, OSHA, all these, they are having their meetings outside of you. Again, if there is a way to regulate them to make it that they have to bring stuff to you to get it passed instead of just them making the rules and making the changes and, you know, even their ability to tax is totally wrong because you are my congressman. I elected you to make these decisions and to make these things. I did not elect them, so.

Mr. STAUBER. Thank you, Mr. Kortesmaki. I can say that we have been here several months here as a freshman, and I really appreciate this Committee talking about some of the exact same things you had mentioned about the repercussions of legislation or the repercussions of legislation by unelected folks.

Mr. KORTESMAKI. It is rulemaking that really kills us. It is not just legislation; it is rulemaking.

Mr. STAUBER. Agreed. And we have talked about that as well.

So I would just want in closing, Jerry, I want to just congratulate you and Kathy on that American dream. You are living it. You are employing people, and I want to say from our perspective of Minnesota's 8th Congressional District, you have been a steward of small business and you understand it. And of course, your affiliation with the National Federation of Independent Business, they understand small business, too, and we appreciate that. So I want to thank—

Mr. KORTESMAKI. A couple of seconds left.

Mr. STAUBER. Yeah, go ahead.

Mr. KORTESMAKI. The thing on the healthcare issue, what it did to taking it away from my employees, the sad story of when my mechanic crushed his ATV and we had the \$1,000 deductible, he was able to take care of that in one year. With the \$6,000 deductible, and this guy makes close to \$50,000 a year—he is not super poor, he is not wealthy—that would devastate him. We need to figure out how to fix this healthcare issue that for small business to offer it has become such a burden, and I do not want to just turn my employees over to government-controlled health care. It is something that I do not see working.

Mr. STAUBER. Thank you, Mr. Kortesmaki, and I appreciate your attendance.

Back to you, Mr. Chair. Thank you.

Mr. GOLDEN. Thank you very much.

At this point, I am going to recognize myself for 5 minutes.

I just want to point out very quickly, Mr. Kortesmaki, that you were talking about the rulemaking aspect of all this and you elected your member of Congress to come here and make decisions and not folks at agencies and departments. And Mr. Stauber and I actually worked together on an instance to fix something just like this. It was the Runway Extension Act that the last Congress passed. Mr. Stauber sponsored the bill to fix the issue and I am the cosponsor, and it is the same thing. We have got an agency that is trying to ignore the intent of Congress and we are here to try and make sure that we are going to hold them to the original intent of the legislation.

I also wanted to point out, I am sure Mr. Stauber has cosponsoring, as I am, a bill, the trucking issue you talked about with truck drivers under 21. I have got you beat. In Maine, Fort Kent to Kittery, a truck driver can drive 362 miles under the age of 21 and then to go from Kittery to Portsmouth, New Hampshire, 2.3 miles, they cannot do it. So I am with you on that as well as a common sense reform.

I want to take a couple of minutes to talk a little bit about trade, and I think we have a good opportunity to talk about the impor-

tance of having a process and consistency as best we can as a government.

I thought, Mr. Brochu, you might, having listened to Mr. Skalish talk a little bit about the softwood lumber duties and the process behind it and how it is more of a scalpel rather than a sledgehammer approach to dealing with unfair trade practices with another government.

Mr. BROCHU. Yeah, thank you.

You know, for the softwood lumber industry, the trade issue with Canada, the unfair trade issue goes back to the early '80s. It has been a long, long process, and there have been periods of duties and periods of agreements and, you know, so the last agreement ran out a few years ago. And at that point, shortly after, there was the 1-year standstill period as part of the agreement, and then the industry triggered another investigation and filed a trade case against Canada. And throughout that process what we as an industry need is enforcement of the trade laws, and that is what we are asking for. And it is a very long process to get to where we are now, and it is a long process going forward. But the investigations have shown an unfair situation that hurts the U.S. industry and it hurts U.S. jobs and costs U.S. jobs and prevents our industry from growing and adding the jobs and investing in the mills to get us to the size that we should be or could be. So the proof is in the pudding in the lumber anyway, and this is a very long, drawn out process, but the lumber industry in the United States is investing like crazy, growing like crazy. We are adding big, big, big billions of dollars of investment into mills, into jobs all throughout the country. We are a little part of that up in Maine and we are happy to do it, and the confidence that we have going forward that we have a level playing field plays into that big time.

Mr. GOLDEN. And am I correct, and this is my understanding of it, is that the process is so detailed and the investigations there are actually identifying specific companies who are carrying out, taking part, or benefitting from some of these unfair trade practices, and there is almost a scale in terms of what people have to pay, can you talk a little bit about that?

Mr. BROCHU. Yeah, there are certain companies that have different rates applied to them, and then there is a general rate. And that is all part of the existing trade laws, how they get to that point. So this is all a process, and it started under the Obama administration, this current iteration of it. You know, my first meetings down here on this current case were with Ambassador Froman of USTR under President Obama. So it takes a long time to do this properly and to enforce the U.S. trade laws.

Mr. GOLDEN. I appreciate you taking a little bit of time to talk about it, and I am sure that Mr. Skalish, you are going to have more time to talk about it from a different perspective but I think what you see here is a long, drawn out, thoughtful process that is very detailed in going after some specific issues here, and I think it is a good example of how we can enact good trade policies when we see an unfair practice.

Real quick. You have got about 30 seconds left here. But you talked a little bit about the labor stuff. Anything specific come to mind that you think we could focus on that would help you out?

Mr. BROCHU. We need people. I know immigration is obviously a big issue, but we do not have enough people to fill the jobs that we have right now. And I think we need to have more of an emphasis as a country on trades versus the different types of jobs. We are going to have plenty of computer programmers in a few years. We need people to run equipment. We need people to program. You know, there are plenty of computer jobs in our mills as well but we need electricians, we need mechanical people, we need millwrights. We need those types of skills that are going to fuel the economy, and that is what we need.

Mr. GOLDEN. Thank you very much. I could not agree more. I think you mentioned \$60,000, \$70,000 salary in Jackman, that is doing real good in rural America.

With that, I am out of time. Nothing to yield back, and next we will recognize representative Chrissy Houlahan.

Ms. HOULAHAN. Thank you, Mr. Chair.

I have questions, two questions, one for Mr. Skalish. And thank you so much again for coming today and sharing your story with us and our Committee. And in your testimony you spoke about Cambria, which is the leading producer of quartz surface product in our country, and them petitioning the Department of Commerce and International Trade Commission and alleging that the imported quartz surface products that were coming in from China were causing injury to Cambria.

Can you talk a little bit more about the Department of Commerce and International Trade Commission's response to that, and possibly ways that we can be helpful to alleviate the unintended consequences and the problem that you are experiencing?

Mr. SKALISH. Well, number one, I am not sure Cambria is, in fact, the leading domestic manufacturer of quartz surface products in the U.S.

The Trade Commission, or the ITC, and then the final decision by the Department of Commerce, made three rulings, or actually two rulings. September 21st, after the hearing, they initiated a countervailing duty of 34.38 percent and did not find critical circumstances, which means that they will not go back 90 days retroactive. On September 24, 2018, granite and quartz were placed on the List 3 of the Section 301 tariffs at 10 percent currently, possibly 25 percent here in the very near future. On November 20, 2018, the Department of Commerce published an industry-wide antidumping cash deposit duty rate of 290 percent. And they did find critical circumstances, which go back 90 days retroactive.

What happens is that we are under contract with our customers. When they went retroactive, we had shipments already on the order to land that same day or days after the retroactive duty period. So we are being tariffed on those duties. Currently, we have paid over \$1 million in tariffs with a proposed \$1.5 million in additional tariffs when they start to go after the antidumping 90 day retroactive tariffs. So our company is devastated. I mean, we are basically done because of those tariffs.

Ms. HOULAHAN. And is there anything that you can think of in terms of reversing the retroactiveness of it that would be helpful so that we can be surgical rather than sledgehammer?

Mr. SKALISH. Exactly. But yeah. Eliminating the retroactive tariff, finding critical circumstances on the antidumping would be extremely helpful. That would reduce my liability from that \$1.5 million or more to go away, which would be very beneficial. Again, we already paid almost \$1 million. We had contracts with customers and they are not willing to go back and say, okay, we have been tariffed now. We would like to add those tariffs to the invoice. Well, they come back and say, well, we have a contract with you. The contract is for \$50,000. We are not paying any more money for tariffs. So who has to absorb it? We do.

Ms. HOULAHAN. Yeah.

Mr. SKALISH. And that is what we have done.

Ms. HOULAHAN. Thank you. I understand. And thank you very much for your compelling testimony.

With the remainder of my time I would love to ask Mr. Brochu a question regarding your testimony that had to do with cybersecurity and the fact that you were kind of hijacked in a way. I would love to understand a little bit more about the story of the hack and also if you could speak more in depth about how you were prepared? Did you know that you were vulnerable? Did you have any assistance? And what can we do to help small businesses like yours to be less vulnerable to cyberattack and to be more able to withstand them once they happen?

Mr. BROCHU. Yes. Thank you for the question.

Our particular instance, it was a ransomware attack and it locked up a lot of data. And we recovered what we could. We had to rebuild everything, and it all started with somebody opening an attachment. It was a very innocent thing. It was disguised to look just like an internal email. So it is so sophisticated now and so complex that it is becoming a major expense to our business. And we, through that process, exposed some gaps that we had in security that we spend a lot of money now to fix. So it is becoming one of those costs of doing business that you do not talk a lot about but it is becoming very significant.

So what can the government do to help, I think whatever emphasis needs to be put on this from a research level and all the way down to an implementation, I think the security issues that the government faces is the same as what we are facing now. And if it is unaddressed, it is going to be a competitive disadvantage to businesses going forward, and I think the role the government can play in that is to work on it on a level where it does not become a competitive disadvantage to us.

Ms. HOULAHAN. Thank you very much. And you should know that this Committee passed through three different bills last week that went to the floor last week and have now passed the House that have to do with cybersecurity in the small business space, and now obviously the challenge is to get it through the Senate as well.

So thank you so much for your time, and I yield back.

Mr. BROCHU. Thank you.

Mr. GOLDEN. With that, I want to thank everyone for coming and providing some very compelling testimony about your businesses. I want to say congratulations to all of you on the work that you do and jobs that you create in your communities. And just the breadth of the conversation is impressive and I think it gives you

a sense of everything that we deal with in this Committee, so thank you for sharing your thoughts. And we will be using that as best we can to help you moving forward in this Committee.

With that, we are going to shut down this panel and move on to a third. So thank you very much.

[Recess]

Ms. FINKENAUER. [Presiding] This hearing will come to order. I would like to first welcome our witnesses today on our final panel. I will take a minute to introduce each one of you, but before that, I am going to first yield to Congressman Crow, who is going to introduce his witness and ask the appropriate questions as well. Thank you all again so much, and I yield now to Congressman Crow.

Mr. CROW. Thank you, Madam Chair. I appreciate you yielding to me and going a little bit out of order here this morning. It is nice to be with all of you today and to welcome you and to listen to just a few of the Nation's small business heroes' stories.

It is an honor to introduce a small business hero from Colorado's 6th Congressional District which I represent. Brittney Rae Reese is the cofounder of FIT & NU, Colorado's first fitness and nutrition club for women of color and proudly located in Aurora, Colorado. Brittney has a strong entrepreneurial spirit which has weaved itself through everything she has done in her 32 years. She has accomplished a lot in her professional life, but what inspires me is the saying she lives by, "If you lead with good and purposeful intent, then great things will come out." Which I wholeheartedly agree.

Brittney started her college career at Colorado State University studying apparel design and construction and was very active in the Black Student Alliance. She began to learn about business by studying at the Art Institute of Colorado and by creating an event, production, and design company called Chocolate Piece Productions at the age of 21. She then relocated to Los Angeles to continue her studies at the Art Institute of LA, while working as a publicist assistant for a number of Hollywood influences and lifestyle brands. She kept pushing herself to grow, which led her to move across the country to Brooklyn, New York, and it was there that she found her love for fitness. While living in New York, she began to train and learn more about fitness, continued to build her passion to inspire others, and it eventually took her to Central America. It was upon her return where she and her sister Joslyn decided to dedicate their life's work to help women of color reach their optimal fitness and wellness through FIT & NU, their habit-based fitness and nutrition company. And I am so glad that they decided to launch and run this business in their hometown of Aurora. Since launching in 2015, Brittney has worked to touch hundreds of women's lives in her hometown, and even more online. She has led women to achieve physical wellness, but also goes further to work on self-actualization, esteem, love, belonging, safety, and security. I am proud to have Brittney Reese representing my district as a small business hero, and I know she will achieve a great amount of success through her good and purposeful living.

Now I will do something that I never do, and I have to apologize and excuse myself from this hearing. As many of you know, my dis-

trict had our third mass shooting just yesterday with a mass shooting at a school in the southwest part of my district, so I am going to leave now and head to the airport to be with the families during this time. So I apologize for having to excuse myself, but I welcome you again and I thank you for your leadership.

Madam Chair, I yield back.

Ms. FINKENAUER. Thank you, Congressman Crow. I appreciate your time today. Thinking of you, wishing you well on your journey, and thinking of your district.

Now, it is my pleasure to welcome our next witness here from my home state of Iowa, Mr. Dave Walton, a local farmer and executive director on the Board of Directors at the Iowa Soybean Association. Happy to have you here. Mr. Walton farms with his wife and two sons. In addition to growing soybeans and corn, they also raise beef, cattle, and sheep, and own a small seed company in their hometown. Mr. Walton and his wife also have a new trucking company that they started up with their two sons to make sure that there were opportunities for their sons to come back to the farm. Right now, folks across Iowa know that things are tough, particularly in rural Iowa, given the ongoing trade war and retaliatory tariffs, and there is plenty to do. Mr. Walton, you give me hope every day. It is folks like you that I go back to Iowa and chat with that always give me hope, even when things are tough. I am very grateful for you to be here today and tell your story. Thank you very much, Mr. Walton.

I would now like to yield to Mr. Burchett from Tennessee to introduce our next witness.

Mr. BURCHETT. Thank you, Chairlady, and thank you for this opportunity to be here. I guess I should have said Madam Chair which would have been more appropriate. I am just from Tennessee. That is what we always used to say in the legislature, so I apologize, Madam Chair.

I am honored to be here today to talk to you about a small business that is in East Tennessee. Tennessee is a proud small business state and 99 percent of the businesses in my state are considered small businesses. These are job creators who employ more than half of Tennessee. These are the people who put their blood, sweat, and tears into their passions, and I want to get the government off their backs like a lot of you all do. I ran a couple of small businesses myself, and I understand what it takes in that community.

My guest at the Committee today is no different. Colleen Cruze Bhatti—did I get that right Colleen? Pretty close? All right. Owner of Cruze Farm in Knoxville, Tennessee, is a fixture in our community. Cruze Farm is a family dairy farm in East Tennessee. Colleen and her staff actually milk Jersey cows and bottle their own whole, pasteurized Jersey milk which I guess I should say for the record there are a couple of gallons of the whole variety and the chocolate variety in my refrigerator, and I would say there are a couple of tubs of their ice cream but it never gets to the freezer usually. When my wife gets it out of the bag, it is already getting eaten by myself or my daughter, Isabelle, or my wife. They also have their milk in the mom and pop grocery stores and the food cooperatives throughout East Tennessee, and most importantly though, Cruze

Farm has some of the best ice cream you will ever have, which I noted. I was out there eating, and they also sell pizza, if you can believe that with, I guess, the cheese that they make themselves. I was out there one Sunday after church with my wife and daughter, and there was another guy there, and he was telling me about their marketing skills, and the trendy word that I guess you young folks use a lot is “branding”. And their branding is excellent, and he said to me, “Burchett,” he said, “this is like being at the early days of Chick-fil-A.” And I thought that was some pretty high standards.

I do not want you all to take all this from me, but I want you to know I am very happy to introduce my good friend, Colleen, for you all to hear her story. Colleen, thank you for being here.

Ms. FINKENAUER. Thank you, Mr. Burchett.

Finally, I would like to yield to my colleague from Pennsylvania, who also sits as the Ranking Member of what I think is the best Subcommittee—Rural Development, Agriculture, Trade, and Entrepreneurship—along with me. Dr. Joyce, I would be happy to have you introduce our last witness.

Mr. JOYCE. Madam Chairwoman, thank you very much. And you are right, this is the best Subcommittee.

Today I welcome Mr. Shawn Pulford, the CEO of LB Water Services of Chambersburg, Pennsylvania. Mr. Pulford is in his fourth year as the CEO of LB Water Service. LB Water has been providing quality water and wastewater solutions for decades, and over that time, LB Water Services has grown from one sales office in Selinsgrove, Pennsylvania, to eight full-service locations covering Pennsylvania, Maryland, and Virginia. Their large inventory and proprietary fleet of delivery vehicles ensures that LB Water Services can supply the products, the services, and support that their customers need the most. Shawn has lived in various places throughout the United States in his career, but he considers Elmira, New York to be his home. He is a graduate of PMC Widener University where he received his degree in business administration. Shawn is the proud father of three grown children, hopefully one watching as it streams live. In his spare time, Shawn enjoys being with his family and friends, playing golf, watching baseball, and most important for this Subcommittee, being the CEO of LB Water Services. Welcome, and thank you.

Ms. FINKENAUER. Thank you, Dr. Joyce.

Now I want to just take a minute to explain how the timing rules work. Each witness will get 5 minutes to testify and then members get 5 minutes to ask questions. There is a lighting system that you will see right in front of you to assist you. The green light comes on when you begin, and then the yellow light means that there is just 1 minute remaining. The red light then comes on when you are out of time, and we ask that you stay within the timeframe to the best of your ability.

Thank you all again for being here today, and I cannot wait to hear from you all.

With that, we will start with Mr. Walton, who I would like to recognize for 5 minutes.

STATEMENT OF DAVE WALTON

Mr. WALTON. Good morning, Ms. Chairwoman, and members of the Committee. I am honored to address you here today. Thank you for inviting me to speak as we recognize the positive impact of entrepreneurs and small business owners. It is truly an honor to speak on behalf of millions of hard-working farm families who are an important segment of the small businesses of America.

Once upon a time, the thought of testifying before the U.S. House of Representatives would have struck fear into my heart. Turns out, it is a walk in the park compared to farming and operating a business that sustains my family and provides employment and economic opportunity for Iowa, a state built on agriculture.

For more than 100 years, the Walton family has farmed the land I call home near Wilton, Iowa. But in 1835, we were the first European settlers to establish a farm, plant and harvest a crop in the area now known as Cedar County. But that is not where our story begins. Centuries ago, after a dispute with the King of England, my ancestors were given a choice. They left England and arrived in the Colonies during the early 1600s, settling on Staten Island first, and then began their migration to Iowa, first to Long Island, New Jersey, Ohio, and Indiana, before setting down roots in

I come before you today as an eastern Iowa farmer who has a passion for providing food, fiber, and fuel for a growing and more demanding world population. My wife Paula, sons Brad, Alex, and I grow soybeans and corn, raise beef cattle and sheep, and operate a seed company in our hometown of Wilton. Recently, we established a trucking company to transport sand, gravel, and fertilizer to help provide additional revenue and an opportunity for our sons to join the operation as partners.

For the past year, farm families like mine have not been in a celebratory mood. Regardless of running a diversified enterprise, managing cash flow responsibly and doing things the right way and for the right reasons, I can tell you firsthand these are difficult times, perhaps the most difficult I have faced as a farmer. This may come as a surprise given the Nation's historically low unemployment and solid gains in most financial indices, but make no mistake, farmers, the communities in which they live, and the businesses they patronize, are hurting. Soybean prices, a major source of revenue for my operation, are at 10-year lows, down almost \$2 per bushel from this time last year.

While I would like to say all is well in rural America, it is not. There is no one reason why prices farmers are receiving for their products are well below the cost of production. Rather, it is a multitude of challenges, some placed upon us by government's action or inaction, and some by our own making.

Combined, inaction on these critical issues are creating the kind of financial headwinds the likes we have not seen since the 1980s. If action is not taken immediately by Congress and the administration, the crops some farmers are currently planting may be their last.

While America's farmers are astute at producing, what we need are markets. Many of you gathered here today understand the direct correlation between action you take and the livelihoods of those who farm and operate small businesses. When access to mar-

kets is blocked, farm prices fall. Conversely, prices react positively when demand increases. And I can think of few better examples of that demand increase than promoting and enhancing consumption of homegrown, renewable fuels like biodiesel.

I want to recognize Congresswoman Finkenauer for leading a bipartisan effort in the House to retroactively extend the biodiesel tax credit. This action helped shine a light on the need for boosting prices and demand. This issue resonates with her as Iowa is the number one biodiesel producing state, producing nearly 365 million gallons last year, supporting nearly 4,700 full-time jobs in Iowa, and given most renewal fuel production facilities are in rural communities, the biodiesel tax credit and renewable fuels industry are a major boost to communities often most in need of good-paying, blue-collar jobs and economic vitality.

For our farm, biodiesel production adds 63 cents to the market value of every bushel of soybeans, or about \$40 an acre by generating greater demand for the oil found in each soybean. That is an additional \$40 across my farm that would enable us to reinvest an extra \$12,000 this year into an operation to update machinery, like a 20-year-old tractor that is wearing out or invest in technology to continue to improve our efficiency.

Biodiesel not only diversifies our fuel supply so we are less dependent on foreign oil, it saves every U.S. consumer at least 17 cents on every gallon of diesel. It improves the environmental quality by reducing greenhouse gas emissions by up to 86 percent. In a climate where everyone is looking for a win, this is a win, win, win. It lowers the cost of food and fuel and improves the air we all breathe. This should be a slam dunk.

Continued inaction on this topic is unacceptable. If Congress does not extend the biodiesel and renewable diesel tax incentive, small businesses like mine and the biodiesel producers in our small towns will continue to suffer.

The same can be said for trade. Continued disputes and disruptions with our trading partners have created tremendous financial strain for America's farmers and small businesses. China is America's number one market for soybean exports. Nearly one of every three rows of soybeans grown in the U.S. is exported to a country of 1.4 billion people. That is no longer true today. As a result, the downward pressure on soybean prices has been dramatic since the U.S. and China became embroiled in an escalating trade war almost 1 year ago. China's retaliatory duties primarily targeted agricultural products, including an extra 25 percent tax on U.S. soybeans.

Any trade war involving food hits states like Iowa, and small businesses like mine, particularly hard. Adding to the complexity and pessimism is that no one knows when the anxiety and pain will ease. This makes planning for the future nearly impossible. Until the trade issues are resolved, we are stuck in limbo, unable to move forward with any clear direction. I can tell you this is not an enviable position for any business owner. We thrive when the future is clear and barriers are removed.

It is my sincere hope is that these issues will be resolved quickly so many more generations of Waltons can continue this 400 year journey of farming in this great country. I look forward to con-

tinuing the conversation and stand ready to assist you and your colleagues in crafting solutions and moving these issues across the finish line.

Thank you again for allowing me to share my story on behalf of Iowa's soybean farmers. I am happy answer any questions you may have.

Ms. FINKENAUER. Thank you, Mr. Walton. And again, I'm just very grateful to have you here today making sure Iowans are heard in Washington.

Next, I would like to recognize Ms. Reese for 5 minutes to hear her testimony as well.

STATEMENT OF BRITTNEY REESE

Ms. REESE. Thank you. Chairwoman and members of the Small Business Committee, thank you for hosting this hearing to honor small business heroes and for inviting me to speak today. I would also want to thank my representative, Congressman Jason Crow, for giving FIT & NU the opportunity to speak here about the work we are doing as small business owners in his district.

My name is Brittney Rae Reese, cofounder of FIT & NU, Colorado's first fitness and nutrition club for busy women of color, located in Colorado's 6th Congressional District in the city of Aurora.

My sister Joslyn and I started FIT & NU in 2015 with the mission to help busy women of color improve their health, ease their minds and influence their communities and families to live well. We do this through functional fitness training and habit-based nutrition coaching. When asked why we were selected as a Small Business Hero, we were told because we "take advantage of our resources, we work hard, and bring passion." My sister and I work well together and maintain a family relationship that extends to the women we serve.

FIT & NU celebrated its official grand opening as a fully staffed and equipped boutique fitness and nutrition club in March of 2019, not only positively impacting health and wellness for women in the community we grew up in, but employing, collaborating, and contracting with other small businesses and entrepreneurs as well. Hard work and determination alone did not get us here. The success my sister and I have enjoyed so far is due largely to the support of local nonprofits, like the Women's Business Center at Mi Casa Resource Center and Community Enterprise Development, also known as CEDS. These are two Colorado organizations that equip women and minority business owners in our pursuit of impact, longevity, and profitability. I highlight these organizations because of the work they do to propel low-income entrepreneurs like myself through glass ceilings, out of cycles of poverty, and beyond gender wage gaps.

Between 2014 and 2018, Mi Casa created 721 jobs, launched 35 new businesses and hosted countless workshops on topics ranging from finance and HR to strategic planning and social media marketing. CEDS has financed 213 businesses and placed a total of \$4.05 million in investments with the help of the Small Business Administration.

So when I think of what Congress can do to help small businesses, it would be to continue programs in the Small Business Ad-

ministration that fund organizations like Mi Casa and CEDS that support disadvantaged businesses, such as minority-owned and women-owned businesses. This will afford us to grow beyond the uphill battle as startups, and give us the resources to hire team members, implement marketing campaigns beyond grass root efforts, and to become more sound business operators and owners.

Also, as Congress passes legislation that allocates capital funding in support of small businesses, the focus should be on helping businesses develop and sustain internal operations.

As low-income business owners, we are our main human resource. We would like to help ourselves and other disinvested people and communities join the economic mainstream. Wage subsidy programs and debt relief are amongst those of interest to us.

Furthermore, if Women's Business Centers and Community Development Financial Institutions did not exist, we, the disadvantaged black women visionaries, low-income entrepreneurs, change agents of global health, refugees and minorities would not have access to low cost developmental services and capital to grow.

In closing, we are thankful for the contributions Congress has made thus far to bridge the social and economic gap for women like me. However, many of the available resources are still directed at larger companies, yet businesses that are small to the Federal Government need these partnerships with organizations that see them as large.

I hope my testimony affirms that women and minority-focused organizations do make a difference and that they are the lifeline to making the American dream work. Thank you again for the opportunity to share our story on behalf of all women-owned and minority-owned businesses.

Ms. FINKENAUER. Thank you so much, Ms. Reese. And again, I'm grateful to have you here today.

I would now like to recognize Ms. Bhatti for 5 minutes for her testimony.

STATEMENT OF COLLEEN CRUZE BHATTI

Ms. BHATTI. Thank you all. And thank you, Mr. Burchett.

I met Mr. Burchett about 6 years ago I would say. I was scooping ice cream at a farmers market. And I do not know if you remember this, but he was teasing me about how expensive my ice cream was. And I said—do you remember what I said?

Mr. BURCHETT. My wife will pay for it?

Ms. BHATTI. No. I said, "Mr. Burchett, if you had to milk the cows you would charge twice as much." I am happy to say I have not gone down in prices or quality, and 6 years later we are selling more ice cream than I could have ever dreamed of. And that is due to our community in Knoxville, Tennessee has completely supported our business, and because of them we are really thriving.

I am here today with my husband, Manjit Bhatti. He is a first generation American. His parents are from India, and I met him actually trying to sell milk at a restaurant. He was cooking. He was about to go to law school. I talked him out of law school, and now he is a full-time dairy farmer with me. We are living the dream together and making good quality milk in Tennessee.

So I am here today to tell you about who my small business heroes are, and that is my parents. They started the farm in 1980. They got married when my dad was 38, my mom was 29. They met ice skating. They married 3 months later and my dad told my mom, I have this dream. I want to bottle milk. And he is a fourth generation dairy farmer. Everyone in the family sold milk but they never learned how to put it in a bottle and sell it directly to a customer. And my dad was determined to figure out how to do that.

But he could not have done it without my mom. My mom is the brains. She is so smart, and she supported him completely. And within 1 year they were bottling milk, pasteurizing and bottling milk. They got their permit, and they would not have gotten the permit if it was not for my mom. And they started selling milk directly to customers.

So I went off to college, not totally sure I would come back to the farm, but I really did miss the farm. And I really just appreciated what my parents had built and how much work and love they put into that dairy farm. I do not know if you know much about dairy farms but it is a completely different culture. The cows come first before anything in life. So on Sunday mornings, instead of church we are milking cows together. It is a unique culture and I am really happy to carry that on.

So my mom encouraged me after college to come back to the farm. And I came back and my goal was to sell the milk surplus that the farm had. We had quite a bit of extra milk that we were not selling, and I also wanted to make ice cream. So the way I started selling it was giving it away. You know, if you cannot sell something you give it away and you make customers. Oh, my goodness. And that is how I really built the business was by giving milk away and meeting our community. And I was kind of like a politician in a way really just out there giving milk away and trying to tell everyone about what we were doing at our farm.

Mr. BURCHETT. Except we give other people's stuff away, not our own.

Ms. BHATTI. And I started marketing the farm through social media, which has been really successful for us. We use Instagram and Facebook, and it is free. And so we meet our customers just through social media.

In 9 years, the business has really grown. We have three storefronts and about 70 employees. And what really motivates me to run a great business are the people. I love people and I love my employees. And I do not offer health insurance yet but that is a goal. And as a small business owner, I realize the responsibility I have in employing America's future. And I take it seriously. Employment is much more than merely providing a service in exchange for an hourly rate. I believe that small business owners in America have a unique opportunity to help define what employment can be in this century. And I believe that a job has to be something that one takes pride in. It can be fulfilling. It must be nourishing, not draining, and it has to facilitate physical and mental health. It must provide a forum for community and friendship, because at the end of the day we, Americans, we spend all our time at work.

So at Cruze Farm, our motto is to work hard and to love harder. And through my business I am building the America that I dream of.

Thank you so much for your time today.

Ms. FINKENAUER. Thank you, Ms. Bhatti. And I wish you would have brought some of the ice cream with you. Oh, my goodness.

Ms. BURCHETT. She did. It was already eaten. I am sorry. I confiscated it. It is in the office.

Ms. FINKENAUER. Thanks for not sharing!

Thank you again.

Now I would like to recognize Mr. Pulford for 5 minutes.

STATEMENT OF SHAWN PULFORD

Mr. PULFORD. Thank you, and good morning. And thank you, Chairwoman. And I would like to recognize the other distinguished members of the House of Representatives Committee on Small Business, and specifically, Congressman Joyce for inviting us today.

I am honored to testify before the Committee in recognition of National Small Business Week, representing one of our Nation's small business heroes, LB Water Service, Inc.

My name is Shawn Pulford, and I am the CEO of LB Water. Our company was born in 1970, when our founder, Lehman B. Mengel capitalized on a market need for readily needed infrastructure materials in the central and south central region of Pennsylvania. In a timespan of nearly 50 years, we have grown from three employees in one location to 225 employees in eight locations.

LB Water is now the leading provider of innovative solutions for water, wastewater, and stormwater throughout the mid-Atlantic region. We serve cities, counties, municipalities, contractors, engineering firms and development companies. And many of our manufacturers, as well as our customers, are also small businesses. We also now operate two affiliated companies, Stormwater Solution Source and 540 Technologies.

Stormwater Solution Source provides stormwater and environmental solutions that help state and local governments, contractors, and companies meet increasing regulations governing the management of stormwater and erosion and sediment control. 540 Technologies serves an expanded region of 21 states, offering smart city solutions for water-loss management, street lighting, electric metering, data acquisition and management to both public and private entities.

In 2002, LB Water's owners sold the company's assets to the employees, and LB Water has operated as a 100 percent Employee Stock Ownership Plan (ESOP) company ever since. Our company is one of more than 6,600 ESOPs in the United States that, combined, employ 14.3 million workers. It is because of the provision for ESOPs in The Employee Retirement Income Security Act of 1974 (ERISA) that LB Water has been able to attract and retain its high-caliber workforce, invest in top-notch training and equipment, and provide exceptional benefits to our employee-owners. In addition, LB Water's status as an ESOP has provided the foundation for our company's success.

I am pleased to say that LB Water has experienced tremendous growth in the last 5 years. This is due, in part, to increases in both public and private investment. We are benefiting from relief provided by the Federal tax cuts as well. As we consider the south central region of Pennsylvania, which includes Congressman Joyce's district as well as our Chambersburg location, we can see economic development at work. The region is becoming home to manufacturing and distribution operations for many companies. We have witnessed the construction of 15 new warehouses, each exceeding 1 million square feet, along the I-81 corridor from the Maryland line to Harrisburg, Pennsylvania. We and other businesses in this region have experienced a positive residual economic impact due to this increased activity.

However, the area is quickly reaching full employment, the need for skilled labor is high, and concerns are mounting regarding the ability of I-81 to handle the increased traffic demands in the corridor.

At LB Water and our affiliated companies, most of our solutions are designed to address our Nation's aging subsurface water infrastructure, much of which is well over 100 years old and in dire need of replacement. This critical infrastructure remains "out of sight and out of mind" until a major failure occurs. Using advanced detection technologies, we can see, hear, and pinpoint even small water leaks and provide solutions before they become big events that appear on the nightly news.

Yet, repairs alone cannot solve the state of our country's deteriorating water infrastructure. Much of it needs to be replaced. For more than 20 years, Congress has discussed the need for comprehensive infrastructure legislation to address the country's transportation and subsurface water infrastructures, both of which are essential for economic development and as well as quality of life.

As LB Water and other small businesses look ahead to future opportunities and growth, it is clear that this is a critical matter upon which the Federal Government could act. We strongly urge Congress to pass a comprehensive infrastructure bill that funds needed improvements to our Nation's crumbling water distribution systems along with our Nation's highways, bridges and airports.

I would like to conclude my testimony by saying that it has been a tremendous honor for me to appear before this Committee today to tell our story and to speak to some of the issues that impact the day-to-day operations of LB Water. We truly believe we are an American success story. I am proud of our 100 percent employee-owned company, what we have accomplished, and how we are positioning ourselves to continue to succeed in the future.

This has been a great opportunity. I thank you very much, and I will be happy to answer any questions.

Ms. FINKENAUER. Thank you so much, Mr. Pulford. And thank you again to all our witnesses here and all that you have shared with us. I am excited to get to learn more as we ask our questions.

To begin, I will recognize myself for 5 minutes and start with Mr. Walton. I know some folks are probably wondering why I keep bringing farmers from Iowa to testify in front of the Small Business Committee, but I take every opportunity I can to remind Wash-

ington that our farmers are also our small business owners. And again, thank you so much for being here.

You know, we have gotten to chat over the last few days about quite a bit that is impacting our state right now. Obviously, the uncertainty with the trade war is one of the things that I am very concerned about, as are all our friends back in Iowa. One of the things we can be doing here in Washington is trying to help our farmers as much as we can with certain things like the biodiesel tax credit extender. I know you touched on this in your testimony a bit, but I am wondering if you can explain more about what it would mean to extend the biodiesel tax credit. It expired 16 months ago during the last Congress and we need to get this done. What would it mean for your family farm and your businesses, but also as we have talked about earlier, what would it mean for the communities surrounding you and the small businesses on Main Street that rely on our farmers doing well for them to do well? If you would be able to elaborate on some of that and just how important it is that we do everything we can right now to support you guys, and again, do everything that we can for our state to be able to grow.

Mr. WALTON. Sure. And thanks for the question because this is one that has been kind of a struggle for us.

The biodiesel tax credit extension is one that the producers are looking for. They have to go throughout the year not knowing whether or not they are going to get a retroactive tax credit for the gallons that they produce. So they have to make a decision, do we price it in or do we not price it in? And a lot of them are pricing it in thinking that it is coming because it had been retroactively put in place. Sixteen months ago that stopped happening, so those producers are throttling down production. They are in some cases shutting down operations. And the effect of that is they are no longer creating demand for the soybean oil that we produce. And a soybean, you basically have two things once that soybean is processed. You have meal, which is used for feed purposes and then you have oil, that can be used for a number of things, one of which is the production of fuel. When we lose demand for oil, that affects also the price of the meal because now oil becomes a waste product that either has to be disposed of or has no value and that raises the price of meal. So when you raise the price of meal, that costs more to feed to an animal, whether it be a pig or a chicken or a dairy cow, and raises the cost of production for those livestock farmers, which in turn raises the cost of food.

But what it means for the grain farmer is that we could potentially lose that 63 cents a bushel of value that the oil adds to the soybeans. And if I am not profitable, like I said, it is about \$40 an acre for us. And for this year that is the difference between profit and loss. So if I am not making a profit, I have no money to spend. We have already looked at every single expense in our operation and we have cut out everything critical, and most of those are personal expenses. We are not buying new vehicles. We are not spending money on clothes. The grocery bill has been paired back as much as we can. So we are making all those kinds of cuts, and those are dollars that are not being spent in the community. It is not at the restaurant. It is not at the clothing store. It is not at

the supermarket. And small town America, they rely on those dollars even more critically than they probably do in urban areas because they have a smaller customer base. So it has a really wide-reaching effect when Ag is not doing well, and it probably is amplified in those small businesses in small towns across Iowa in the Midwest. So that is the thing that we are working with here is if the profitability of soybeans or any commodity goes away for us it has that effect that we do not have dollars to spend in the community. We do not have dollars to spend at the equipment dealership to upgrade equipment, and that in turn goes to the manufacturer and they cannot pay their workers or are shutting down, and I know right now Deere has throttled back operations on the Ag sector, and that is a direct result from the profit ability loss in Ag. So it is a pretty direct correlation.

Ms. FINKENAUER. Yeah. Well, thank you again, Mr. Walton, for uplifting these issues. We will keep doing that the best we can here in Washington to make sure that Iowans are heard loud and clear, and that we elevate the effects of everything that is going on here and how hard they are hitting our state. Thank you, Mr. Walton.

I know my time has expired, so I would like to recognize Mr. Burchett for 5 minutes to ask his questions as well.

Mr. BURCHETT. Thank you, Madam Chairlady. I have several questions. I only have 5 minutes.

Mr. Walton, you said that the soybean, let us see, the biodiesel I believe is what you said, there was a cost savings associated with that for you all. Is that cost savings there if we do not provide the cash incentives to it? Is it profitable to you all?

Mr. WALTON. That is kind of hard to say where I sit because the biodiesel industry is what creates that value for us. And so when we have a functioning biodiesel industry that profitability is there. If the biodiesel industry goes away, I think we have to default back to where it was before we had a robust biodiesel industry and adding that 63 cents. It may be somewhere between zero and 63. I do not know where that is. So that cost savings would be borne on the meal side. So it would raise the cost of meal. So it is hard to say. But I would say that it would be definitely between 63 and zero, but where that number is, I do not know.

Mr. BURCHETT. Okay. Okay. Thank you.

Ms. Reese, your story is very compelling, and I dig it.

Ms. REESE. Thank you.

Mr. BURCHETT. What hurdles do you experience as a woman of color in a very specialized business it seems? It seems that there is a—I do not know the makeup of Colorado, but when you say we are going to target women of color just in a specific industry, I am curious, what hurdles have you experienced? And are there other folks, maybe local chambers of commerce or what have you that would actually get with the other ladies that have been in similar situations and say here is where we are at, here is what can happen to you?

Ms. REESE. Absolutely. We have managed to partner with a number of organizations in Colorado and are currently working with a more national organization that is located here in D.C., the Black Women's Health Imperative to help span our reach. And just

overall, obviously in Colorado, the population of women in color is lower. We happen to be located in a city with the most populated African American women. So we were pretty strategic about that because we know that this is important even though we are not the majority in our city. However, we are looking at it from a national stance starting where we are from and then hoping to expand. Some of the biggest challenges I would say is really identifying where we can create these strategic partnerships that will help our bottom line of saving and serving the most women of color in Colorado. So we are working diligently with that, and I think that as we get our name out there a little bit more, Colorado is becoming a big hub for people to, you know, for transplants. So I think that we can start to ride that wave a little bit more once our name gets bigger.

Mr. BURCHETT. Cool. My brother lived there and my nephew was born there, so.

Ms. REESE. Oh, there you go.

Mr. BURCHETT. But he is back home now.

Ms. Bhatti, finally, you know, it is a family-owned business, and I know that in family-owned businesses, you know, especially in the dairy business, I remember Paul Harvey, the old radio guy said one time, he said that he read this letter from a guy who sent it to his dad, and he was going to boot camp in the military and he said, "you know, we are up every morning at 5:30, and we work all day and then we are in bed by 7:00." And he said, "If I had known it was going to be like this, I would have left the dairy farm years ago and joined the Army."

And I am wondering with family, and I know your family and your husband is here and your boys, where it is legal, are there any incentives to bring family into the business to continue it? You know, we always talk about we would like to hand the businesses off to the family, but it just seems, it is just the big boys. We will cut a deal for the big boys. But to locally owned folks like you four, nobody is up here beating the drum for you all.

Ms. BHATTI. Well—

Mr. BURCHETT. That might just be a no.

Ms. BHATTI. I guess in our situation, I think we are doing all right. I do not know if you know, my dad put a conservation easement on the farm. So it is going to stay a farm, whoever along the way wants to farm it. Maybe not the next generation, maybe the next one. But I mean, in our situation, I think we are going to stay a farm forever. Maybe.

Mr. BURCHETT. Good.

Ms. BHATTI. That is the goal.

Mr. BURCHETT. That is the goal.

I am always worried with farming. You know, everybody pushes farming but then, if I am stepping on toes here I really do not care, it becomes the Walmart model. You know, they bring in gasoline and they sell it cheaper than everybody else can.

Ms. BHATTI. Right.

Mr. BURCHETT. And then all of a sudden we have replaced all these hardworking mechanics with minimum wage hour greeters and they drive everybody out of business and then they jack the

prices up after they get in. I see that in the dairy industry a lot, and that concerns me.

Ms. BHATTI. My dad is 76 and he is pretty wise, and he really believes people are going to come back to quality and smaller businesses because smaller businesses are able to provide higher quality. And so if he is right then we are headed that direction.

Mr. BURCHETT. I have never had anything bad from them. It is sinfully good. And I meant what I said about it being in my freezer. It never makes it to the freezer. It always gets eaten up. But thank you, and thank your husband for coming in and getting away from your boys.

Ms. BHATTI. Thank you.

Mr. BURCHETT. Thank you.

Ms. FINKENAUER. I would like to recognize Congressman Schneider now for 5 minutes.

Mr. SCHNEIDER. Thank you. And I want to thank the Committee for hosting this hearing on celebrating our small business heroes. I want to thank our panel for joining us today and sharing your experiences, your perspectives. This is the third of three four-person panels. We have had 12 companies here sharing their stories and just touching a little bit on what drives our economy, what makes the American economy so strong, which is small business.

Ninety-nine percent of our business entities are small businesses. Two-thirds of all new jobs created in this country are created by companies like you. And I think it really is a testament that you are here.

I talk in this Committee a lot about the four things businesses need. You need a business model. Each of you have defined your model. We cannot really help you with that. You need access to good talent and making sure we have a trained workforce, people who can do the work, bring the creativity, the ideas, the American work ethic that drives our economy. You need access to capital. I am sure all of you and the folks who have been here before talked about needing to get to that capital. And ultimately, we need a stable business environment. And all of us can work to provide that. Our rule here. I think, in Congress is trying to clear away obstacles and give some stability, because if we do not, it is harder for you to make the decisions you need to make in your investments.

And we see that business is hard. Two-thirds of small businesses make it to their second year. Only half make it to their fifth year, and only a third make it to the tenth year. And there are lots of reasons for that but business is hard.

But the flipside is small business people are the most optimistic people, business people we have in our country. They are the entrepreneurs. They are the ones who have faith in the future, because if you did not have faith in that future, you were not going to make the investment to do this. So again, I just want to celebrate what you all do, the fact that these are some of our small business heroes that drive our economy, and thank you again for being here.

One of the things that concerns me is that, especially on startups, if you look at just the numbers, 25 percent of business startups are women, and that may be somewhat overstating it.

Ms. Reese, you started your business a couple years ago. I know the area well. I actually grew up in Colorado. I grew up 3 miles

from your business off Monaco and Hampton, so it is close to home. And I know what you are trying to do. It is a great story. But from your perspective, what incentives, support systems are in place that helped you get off the ground? What more could government do? What could we be doing to make it easier for folks like you to make that decision to turn that optimism into opportunity?

Ms. REESE. Thank you for the question.

We really found a lot of value in the Women's Business Centers. More specifically, Mi Casa Resource Center. We first sought them out when this was just an idea and we needed some guidance, and we have been with them ever since. And this is something that I advocate for. I am constantly bragging about the services that we receive from them to our clients, and I just think this is something that all business owners should be aware of and obviously take advantage of. I understand that the Women's Business Centers are all over the Nation. However, there is a possibility that they may not be reauthorized. So I think if Congress were to assure that the reauthorization would go through, and then assisting with building their mission, which is to help build more of these businesses and support more women-owned businesses, that would just be invaluable because I do not think we would be as far as we are now if we did not have their support.

Mr. SCHNEIDER. Great. Thank you for sharing that.

Ms. Bhatti, I want to turn to you. I am sorry, I missed your testimony. You are in Knoxville? Are you right in the city or are you a little further out?

Ms. BHATTI. So, our farm is about 15 miles, 20 miles east of downtown Knoxville.

Mr. SCHNEIDER. Okay. So it is relatively close so this may not apply. But one of the things I believe is that if we can help our rural communities cultivate small businesses and provide opportunities for farms, farmers, but also to businesses that support them and other opportunities that support the economy, we have a better chance at keeping and attracting more young people to these communities and making a difference.

You talked, I liked what you said that your dad made the decision to keep the farm as a farm in perpetuity. But how do we make sure that we are bringing more young people into these communities? What programs might make a difference? And you have 21 seconds.

Ms. BHATTI. Well, I was not in FFA, but that is a great program. Are you familiar with the FFA?

Mr. SCHNEIDER. I am. I am.

Ms. BHATTI. Okay, great. You know, that is a good question. I think that what we are doing on a small scale is, well, we have actually mostly female employees, and so we have brought a lot of young women to the farm to work who would have never thought they wanted to farm. So it is exposure to something new, and I think on a small scale is what you should focus on rather than large scale.

Mr. SCHNEIDER. I am guessing close enough to Knoxville you have access to broadband where you are.

Ms. BHATTI. Well, not at the farm but close by. Yeah.

Mr. SCHNEIDER. We need to make sure that we have it everywhere and I think that is one of the things, I know that I had the chance to install an accounting system in 1985, '85-'86, at a farm in western Washington, just at the cutting edge of trying to bring up that technology. We need to make sure that our farmers have the technology they need and I think broadband is a piece of that.

I am over my time so I want to thank the Chairwoman, and I yield back.

Ms. FINKENAUER. Thank you, Congressman.

Now I would like to recognize Dr. Joyce for 5 minutes.

Mr. JOYCE. Thank you, Madam Chairwoman.

I will not speak for Chairwoman Finkenauer, but I will tell you that I feel that we all have great admiration for what you bring to the table and what you do. You truly are the heroes. Look at this Subcommittee which Chairman Finkenauer leads as a bipartisan support of what you do.

I want to address one issue with Mr. Pulford which he mentioned, and I think distinguishes him from the other panelists. And I again applaud you for being here today.

Your business, LB Water Services is an ESOP. An ESOP is an employee-owned business. Would you please address for us as Committee and for the entirety here today how ESOPs specifically allow you to progress in the business world and how that allows you to truly be one of the heroes that presents today?

Mr. PULFORD. I would be glad to. Thank you for asking me that question.

Oops, yeah, that is even more important.

You know, due to the tax advantages that we get as an ESOP from the Federal Government, we are able to provide superior benefits to all 225 people. We are one of only 3 percent of the companies in America that provide employee benefits at no cost to the employee, and that includes their families, which is if anybody is in business and knows what it costs per person today, it is a huge, huge expense. And it enables us to provide the kind of training, both professionally as well as personally to help people grow and prosper in their jobs. It helps us to solve problems with our customers, whether it is providing leak detection or leak monitoring advice to a city or it is providing the infrastructure that they need.

I agree with the person, we are trying to create value in everything we do, and the benefits of the ESOP really give us the fuel that we need every day to provide that kind of success for our employees, all of our employees. I think one of the things we are really proud of is that the last time there was a recession we grow. So again, we are looking at the ESOP as the foundation.

The other thing that it really does for us, and I will not take a lot of time, is it helps us to create a culture, and the culture is not of I, it is more of we and us. And again, it provides us to provide superior benefits, provides us to put in better training, and the result is that we get employees that do not leave. Once people are vested into the ESOP, we rarely lose an employee that we want to lose. Some people we let go for other reasons maybe but we are really proud of the record that we have with the employees that we have and the growth that we have enjoyed, I look at how much we have grown in the last 5 years and it is about 50 percent. And it

is all due to the homegrown talent that we provide. And ESOP is the foundation for all that.

Mr. JOYCE. Thank you for that answer.

I would like you to address another issue that you briefly discussed in your presentation with us, Mr. Pulford. You talked about how your industry, how your company, how the heroes that you work with would provide for us additional work in the crumbling infrastructure system. Our responsibility in the 116th Congress is to work and provide an infrastructure solution. Tell us how that impacts your business, please.

Mr. PULFORD. Oh, man. Well, it provides a trickledown to every individual, whether they are homegrown. I mean, if you look at cities, when they go to open up a fire hydrant to fight a fire, the hydrant does not work, okay, it is broken and it has been there for months. We need to address these problems. The quality of the drinking water. The fact that pipes are crumbling and it is draining out. So maybe you lose 30 percent of your treated pure water goes out through leaks in the system. And I am not saying it is across the board but these are the big issues that are facing us. And if we do not address them, we are not going to be able to attract people to come into our communities, and quality of life, we are going to lose people out of our jurisdictions and our states and everything else. And that is why the whole infrastructure bill is vital right now. We see it. We are in the rust belt so we see it just more than probably everybody else in the country right now.

Mr. JOYCE. Mr. Pulford, thank you. Thank the other small business heroes for being here with us today. And I yield my time.

Ms. FINKENAUER. Thank you, Dr. Joyce.

Again, I just want to say thank you on behalf of the Committee and how grateful we are that you all are here today telling us your stories. They are all such different stories from all over the country, but I appreciate you coming to Washington and taking the time out of your very busy schedules. I know you all are very, very busy right now, especially back in Iowa where we are planting right now—or trying to at least. It means a great deal to have these stories uplifted and told, and you all really are small business heroes. That is not hyperbole. You all are contributing so much to your local communities but also to the future of our country, and we are all very grateful to hear your perspectives.

Mr. Walton, I appreciate the fact that you are here uplifting what is happening on the ground in Iowa when it can often be lost in the numbers versus the actual stories of what folks are living and going through every day. You highlighted what we can be doing to move forward and keep our family farmers afloat when they are facing a great deal. Thank you so much for being here.

Ms. Reese, you are an inspiration, and it is an honor to get to meet you here today. You were able to uplift issues that you face but also talk about what has worked and give us ideas of what we should be investing in and creating more of. That is our job here—hear what has worked and how we do it better, and also hear what has not worked and how we fix it. That is one of the things that actually does happen here in Washington, and very specifically on this Committee. Thank you so much for helping us do our job better with your testimony here today.

Ms. Bhatti, the hope that you shared today is infectious. It is exactly the type of hope that gets folks to have those ideas to start a business and take it to the next level. Your story is exactly what we need to be seeing more of in our country right now—how you not just grew up on a farm but then also decided to expand, have creative ideas, and run with it. That is how our country continues to grow. Thank you so much for all that you have done, and I look forward to hearing more about the success and hopefully, somebody is going to bring the ice cream to the Small Business Committee.

Mr. Pulford, thank you for being here today as well. Your dedication to your employees and their success and their growth is palpable, and we could all feel that here today. I'm grateful for your expertise, especially when it comes to water infrastructure and how incredibly important it is that we make investments in it. I also sit on the Transportation and Infrastructure Committee, serving as Vice Chair of the Highways and Transit Subcommittee, so I know how important it is that we uplift these issues. Thank you for bringing that perspective here today.

Again, you all have done so much, and I look forward to seeing hopefully a bright future here. We will do our jobs here in Washington, continuing to listen to folks back in our district and across the country. We hope to make you proud here. Thank you so much and happy National Small Business Week.

With that, I want to make sure that I ask unanimous consent that members have 5 legislative days to submit statements and supporting materials for the record.

Great. Thank you all again and have a good rest of the afternoon.

Without objection, so ordered.

Thank you.

[Whereupon, at 1:00 p.m., the committee was adjourned.]

A P P E N D I X

FINAL TESTIMONY

Gia Giasullo

Owner, Brooklyn Farmacy & Soda Fountain / 513 Henry Street, Brooklyn NY 11231

Hello, I am Gia Giasullo, and I am the co-owner, along with my brother Peter Freeman, of the Brooklyn Farmacy & Soda Fountain.

Thank you to the committee and to Nydia Velaquez for inviting me to participate in this testimony. It is my honor to be here. It is my honor to speak on behalf of small businesses.

There are a million faces of small business, and I am just one. I am here to give a face to one small business.

I am also here in solidarity with other small business across america, who, like me are committed to making my street, my state, and my country a better place to live.

I am also here to express my gratitude to the NYBDC who invested in us, and who continue to support our small business. We received a 504 loan through the SBDC, and we were graciously awarded the Small Business Family Business of the Year. The NYBDC has offered us invaluable support and I can tell you that I would not be here speaking to you today without their commitment to our small business.

Finally, and most importantly, I am here today because I strongly believe that small business provide a priceless contribution towards the overall wealth and health of a community, and therefore we deserve your special attention and support. We, like you, serve our community. Visit us. Talk to us.

The Brooklyn Farmacy is located on the corner of Henry and Sackett streets in Carroll Gardens, Brooklyn. Housed in a historic apothecary, the original interior boasts a 100 year old penny tile floor, wooden drawers and a tin ceiling. There are nine red twirling bar stools, and a Bastian Blessing soda fountain made in Chicago. We opened in the summer of 2010, and we are a full

service soda fountain with a staff of fifteen. We are best known for our creative ice cream sundaes with names like the Affugazi Affogato and the Sundae of Broken Dreams made with vanilla ice cream, warm caramel, broken pretzel rods and fresh whipped cream.

In the late 1940s before drive-throughs and bottled sodas, the number of soda fountains in America reached 125 thousand at its height. Practically a fountain on every main street USA. Today the Brooklyn Pharmacy is one of a handful of full service soda fountains in America, but we proudly serve the same purpose: as a gathering spot for young and old alike. The soda fountain is everybody's place. We are a slam dunk for visiting grandparents, and we have several regulars that are just hitting the ripe age of four. We have book groups that meet up regularly, and friends that meet weekly. It's been nine years since we opened our doors in 2010, and since then we have watched gapped tooth kids turn into college bound kids. Several of them, we've hired. We've hosted birthdays, anniversaries, and showers. We've made hundreds of egg creams at local fundraisers. We've hosted senators and assembly members for civic talk, and even a wedding was officiated at our fountain. For sure the pink bench outside has seen more than one bent knee proposal. We donate year round to schools, and class visits are regular thing. We have been featured on numerous cooking shows, and media outlets. We are visited by tour groups from all over the world, and we offer free egg creams at the fountain on election days, noted most recently in an editorial in the New York Times on how business can encourage citizens to vote.

Though we are a tourist attraction, we know our regulars and we are committed to our neighborhood. With weekly events like a tot sing-a-longs, a knitting group, and civics night, we have the opportunity to be a part of our community and in the end, serve them more than something to eat. We have rotary phones, typewriters, and adding machines, in fact our collection is getting out of hand. We have comic books, piles of them, that we gently place on the table if the cell phones come out. We have candles and songs for birthdays. We make treats before your eyes and sometimes we invent things on the spot, because "hey kid, that's a good idea!"

We source locally, and pride ourselves on working with vendors some of whom, deliver items on

their bike. Our staff is offered flexible schedules, and many have worked with us for years as we employ them through schooling, travel, sports and performance schedules. We strive to foster community amongst our staff, and we value their voices. We know that we are not the last train stop for them, so to speak, but we encourage them to embrace the philosophy of “How you do anything is how you do everything”. We value hard work, and by example, teach them. For many, we are a first job, after school and weekends. We also value the transitional time for youth gaining independence, and we provide a safe place in a big city for those that are away from home from the first time.

This isn't to say that it isn't a hard game to play. As business owners, we often wear all the hats. If you gave us an eighth day of the week, we'd probably work it. The costs associated with doing business can be almost prohibitive, — from insurances to payroll taxes to credit cards swipe fees, all before we've even bought a tub of ice cream! A big company has the resources to hire for all positions, yet a small business person often needs to juggle many positions at once. Look at me, this one face of a small business owner. Me. A designer, marketer, copywriter, photographer, event planner, social media producer, window designer, chef, waitress, soda jerk, and on some occasions, a dish washer who trains, schedules, hires and fires.

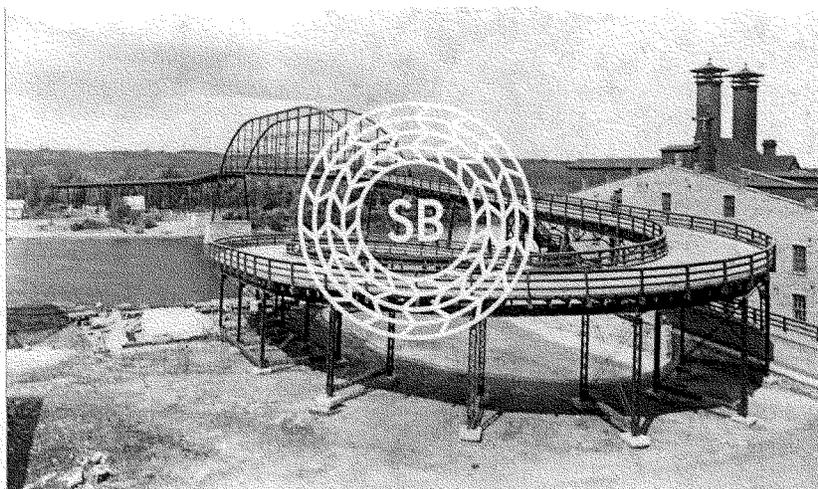
As I said at the start, I believe that small business provide immeasurable value to neighborhoods and communities. In our case, memories created before our eyes. First birthdays, first egg creams, first jobs. We are the spot tourists plan to visit, or find by luck. We are the spot you bring your visiting sister. We are the spot you come alone, to sit at the counter and read the paper. We are a real place. We are that place.

We value our customers, and by extension, we value our community.

We are not just the corner store soda fountain, a business without a face.

I am my customer's neighbors, and I am the face of a small business in America.

Thank you for your time today, and for inviting me to speak on behalf of Brooklyn Farmacy & Soda Fountain.



Testimony of Amy Fox
President/Operations, Spiral Brewery

House Committee on Small Business Hearing on
"Honoring the Nation's Small Business Heroes"

May 8, 2019

Spiral Brewery
111 2nd Street East
Hastings, MN 55033
spiralbrewery.com

Thank you, Chairman Velázquez, Ranking Member Chabot, and the other members of the House Small Business Committee for the opportunity to speak with you about Spiral Brewery and our experience as a small business in Hastings, Minnesota.

Thank you also to Representative Craig for inviting Nick, Jen and I here today to testify and represent Minnesota's Second Congressional District and our hometown.

Spiral is proud to be "brewing community" through quality beer and rich history, and we are thrilled to be able to tell you all about the Spiral Story today.

The Spiral Story

About six years ago, we started dreaming of beer. Jen Fox, Nick Fox, and Amy Fox were drinking Minnesota craft beer and discussing our deep love for our hometown, Hastings, MN. In that moment, we saw Spiral Brewery. After a few months of dreaming, we started transforming our big ideas into a plan. With countless and tiring hours of industry research and informational interviews with the generous craft beer community in Minnesota we had the beginning of a business plan. After being reconnected with our friends Luke McGuire and Claire Sandahl, we had the beer and we had our team.

At this time, 2015, the craft beer market was beginning to boom in Minnesota, but our region was completely void of a taproom and distribution brewery. Hastings is a unique town on the Mississippi River that was in a time of transition and growth. The combination of this geographical brewery void, the town's continued growth and our desire to contribute to our beloved hometown made it the perfect time to bring Spiral Brewery to fruition in Hastings' historic downtown riverfront district.

After releasing our business plan in 2015 in order to publicly announce Spiral Brewery, we began working with the City of Hastings to amend brewing ordinances and regulations. Since Hastings' had not had a beer manufacturing facility since prohibition, there was a fair amount of learning that took place on both sides in order to successfully complete the various processes and paperwork required on the city, state and federal level. Luckily the city, both staff and elected officials, and our local Chamber of Commerce is supportive of new business and was yearning for creative entrepreneurs.

Spiral Brewery was always going to be located in Historic Downtown Hastings. Now we needed to find the right building and the appropriate financing.

Financing Story

Opening a brewery is an extremely expensive small business endeavor. Spiral Brewery needed to raise \$1,200,000 for the initial construction and upfront costs to cover

brewing equipment and materials, taproom renovation, branding and marketing, and professional expenses.

Through consultation and advice from the brewing community, industry research, and valued business consultants, we knew we would like to solicit over half of our funds from an SBA Loan to support our business. Finding a financial institution to back a brewery is a complex process and quickly became one of our biggest challenges. Our team met with and discussed possible loans with about ten different financial institutions locally and statewide.

As stated above, breweries are expensive upfront, with the renovation of the manufacturing space being very different than your average construction project. That is a tough conversation to have with a financial institution who is unfamiliar with the financing of a distribution brewery. Despite our efforts to keep our financing local, we ended up securing funds through Pioneer Bank out of Mankato, Minnesota in Congressional District 1. The team at Pioneer Bank continues to be involved and dedicated to the success of our business. A benefit of our relationship with Pioneer Bank is our connection to Prairieland Economic Development Corporation (Prairieland EDC), our SBA 504 Loan financier.

Pioneer Bank makes it their business to support brewing and distilling in Minnesota. They understand the beer and liquor industry and are willing to learn and grow with their customers. Spiral Brewery is fortunate to work with them to support the pricey up front cost of starting Spiral Brewery. This was most apparent in their creative structuring of our financing. Pioneer Bank's intimate knowledge of the SBA 504 Loan Program, along with the expertise of Prairieland EDC, allowed for the appropriate budgetary line items to be covered under the SBA 504 Loan, while the other items were financed by a loan direct from the bank. Spiral Brewery would not have been able to open without the financial assistance from our lender and the SBA 504 Loan Program.

The remaining financing of Spiral Brewery came through individual equity investors. With community being in the forefront of our business model, a community-based funding model was developed with nearly 100% of our equity investors coming directly from the Hastings community. And continuing with this fundraising model, we created a Kickstarter campaign to raise community investment, both financial and personal. We ended up surpassing our original goal of raising \$25,000 in 30 days by raising over \$48,000 from 452 unique backers. It has been this community support that has been one of our biggest joys and kept us going through the countless challenges of opening Spiral Brewery. They continue to be a pillar of support in our ongoing progress.

Everyday our Spiral Team are manufacturers, custodians, event planners, servers, apparel designers, saleswomen, delivery drivers, and cicerones. Running a small

business comes with daily joys and challenges, as we often face unexpected hurdles. When challenges present themselves, we think creatively, we research, and we rack our brains to make sure we are brewing the best beer possible. We would not be where we are today without each one of our backgrounds and experiences.

Hastings' Story

Spiral Brewery has been open for just over a year now, and in that time, it has proven itself to be a destination brewery and taproom that excels at sharing its craft with its patrons. Beyond the product line, we provide the community with a unique destination to socialize and experience the craft brewery culture. Over the past year, Spiral Brewery has become a destination for beer lovers from across Minnesota's metropolitan area and a beer to seek out at liquor stores, bars, and restaurants in our region.

Hastings is well known for its rich history, which in turn draws tourists to our riverfront and historic downtown area. The addition of Spiral Brewery adds to the vitality of established businesses along our main street, where over half are also women owned and operated. Spiral builds and encourages our local business, and helps our city prosper with new people to experience our community. Our taproom provides a destination for Hastings community members to spend time and money in our Historic Downtown District.

The story of Spiral Brewery encourages our community to believe in people with a dream and supports people who work hard for things they are passionate about.

Hastings was a brewing community before Prohibition and Spiral Brewery brought it back to its brewing roots. Our work is based in history and built on the bright future of our town on the Mississippi River and the economic strength of Minnesota.

Thank you again for allowing me to testify today before the Small Business Committee. I am happy to answer any questions you may have.

*Nels Leader Testimony
House Committee on Small Business
May 8, 2019*

Good morning and thank you for having me, I appreciate your time very much. My name is Nels Leader. My family and I own and operate Bread Alone Bakery, a Certified Organic bakery in Kingston, NY. We have about 200 employees, and everyday ship about 15,000 loaves of bread to our customers around the Northeast.

I'm here today to share with you the story of Bread Alone and a lesson that I've learned from the business.

There wasn't an exact plan when my father started the bakery, in 1983. He was a philosophy major who went on to cooking school. A classmate of Anthony Bourdain, he and his cohort were more guided by their souls than business plans. In reflecting on the decision to start a bakery, he said "Sometimes you have to lose your mind, to come to your senses."

Growing up, I can remember my Dad showing me the newspaper, pointing out the challenges and complications that people faced around the world. Though we were never a particularly political family, there was a civic and universal ingredient to our breads. Through the work of baking simple, honest food, my father contributed to our community. Through his example of how to build a simple but moral life, my father always aspired to touch more people than he could feed.

We use a quote from Nelson Mandela to capture this spirit of the business, "Let There Be Work, Bread, Water, and Salt for All."

I joined the business 7 years ago, following a career in consulting, and then a few years back at business school. I strive to honor the history of my family's business, while also leading it into the future.

I've found that my deepest passion is building a business that sustains both our people and our planet.

First just a few words about our people.

Unemployment in our area is as low as 3.6%, but the poverty rate is as high as 20%.

The fact of the matter is that the economics of hourly work are untenable for too many of our employees and community members. Though Bread Alone's average hourly wage is 50% above NY minimum wage (and more than double the federal minimum wage), support services are not enough.

Too many of our employees lack affordable childcare. Healthcare is too expensive. Employees don't have access to transportation to and from work. What would be a basic life interruption to many -- a car breakdown, a sick child -- becomes an obstacle to economic freedom and well-being.

Some of our employees have been spent time in the criminal justice system, often from a young age. These employees sometimes know little else. Adaptation to the workplace is a struggle. As a small business, we struggle to provide the resources necessary to change years of alternate habits.

We live a contradiction. Building and maintaining a quality team is the biggest challenge for our business, yet we are surrounded by underemployed individuals.

And now some words about our planet.

*Nels Leader Testimony
House Committee on Small Business
May 8, 2019*

This generation, right now, is the first to know both the science of climate change, and to experience its dramatic effects.

In NY, winter temperatures are 4.5 degrees higher than just 50 years ago. Very heavy precipitation events are up 70%. Sea level in NY Harbor is likely to increase by 2.5 feet by 2050, and 6 feet by 2100.

I lived on East 7th street in New York City when Hurricane Sandy brought flood waters to within a few blocks. This past April was 6 degrees warmer in DC than the historic average. Upstate New York just experienced one of the longest stretches of rainy days since we began keeping records in 1874.

Globally, climate change is fueling natural disasters of unprecedented frequency and consequence. It is causing human conflict and mass migrations. Climate change is compromising opportunity for, and affecting most, the least fortunate among us.

We feel these effects at our bakery in upstate NY. Historic flooding in the midwest this past April flooded over a million acres of farmland. Farmers are struggling to get crops in the ground for the harvest, and prices will likely increase this fall.

I hope that for us and for all the hardworking farmers across the world, these dramatic conditions subside. But hope is not a plan. To the contrary, scientists predict with certainty that extreme weather events will only continue to increase.

One of the farmers, Marshall Kargall, that my father visited in the early days said, "If we don't take care of our land, and take care of it now, who will?"

To this end, our business has rolled up our sleeves and gotten to work. On Earth Day 2017 we announced our intention to build a solar array on the roof of our bakery. On Earth Day 2018 we officially commissioned our 196kW solar array, which now provides up to 30% of our energy needs. We have committed to getting to 100% renewable energy by 2030, and we plan to get there much faster than that. This means more solar energy, adoption of battery-electric delivery vehicles, energy-efficiency retrofits to our buildings, and more.

These projects and commitments are critically important. We must de-carbonize our economy to avoid the worst effects of climate change. This will require big changes to the bones of how we do business every day.

At the same time, we have to change many easily overlooked, daily actions. Many are convenient, long-practiced habits that will be difficult to break.

For example, as a society we simply throw away too much food. As much as 30-40% of our collective food is wasted, and most of it ends up in landfills. In addition to all the wasted resources used to produce this food, rotting food that ends up in landfills releases methane, an incredibly powerful greenhouse gas. If food waste and loss were its own country, it would be the 3rd biggest greenhouse gas emitter, behind China and the U.S. Think of all the land, energy, materials, and resources that goes into producing our food, and imagine that over 30% of it is simply wasted. We must do better.

The good news is that consumers want to see changes like never before. 83% of millennials indicate that they want companies to implement sustainability programs. A record high 72% of Americans indicate that

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global warming is personally important to them. This means that small business has an incredible opportunity to at once take care of customers and the natural world.

Decision-making is one of the constant challenges of running a business. From the daily, operational decisions, to the larger, strategic decisions. Decisions never feel perfect. Most require slight adjustments over time.

We always remind the team at the bakery: Progress -- not perfection. The only bad decision is not making one at all. The world will pass you by.

This is the attitude that has pushed Bread Alone through the tough moments and decisions for 36 years, and that fuels our activities today.

I'm not a policy-maker, but I imagine that your work is extremely difficult. So many competing interests and constituents to address, not to mention different views of the world within yourselves.

Decisions must truly never be perfect. But taking care of our people and our planet requires constant progress.

During your time of public service, I urge you to embrace the moment, each other, and the opportunity to serve your constituents and the natural world that sustains us all. Like the small businesses in front of you, seek progress every day. Thank you.



ROBERT HOFFMAN REALTY INC.

Here to help.

**Testimony to the House of Representatives
Committee on Small Business
May 8, 2019
c/o Robert Hoffman, Albert Lea MN**

Introduction

I own a small business everyone has heard of. There is a Robert Hoffman Realty in almost every city in every state. They are not all named Robert Hoffman Realty and most of them are not real estate brokerages: but they are in every city in America.

We are all familiar with Jensen Excavating. We have all heard of a Mrs. Gerry's Salads. We have all driven by the new Shipps's Pro Power Wash building, had our hair cut at JC Salon, been saved by Jim Kelley at Kelley Plumbing, bought flowers from Addie's floral, bought our watch from Fishers Jewelers and we've all eaten at Grandma's Café. You see all of these, like my small business, are in every town. There is a Robert Hoffman Realty in almost every city.

It turns out we are not very creative with the names of our company's, I think we're too busy running them to hire a proper creative team. Each of the businesses I just mentioned are actually from my home town of Albert Lea and each of them could impress you with their stories today as well.

My name is a Robert Hoffman and I just run a small real estate brokerage and property management firm in Albert Lea Minnesota, so small of a Brokerage its name is just Robert Hoffman Realty, but I don't even own it. My wife Angie actually owns the 51% controlling share of our S-Corp so yes; my wife Angie owns Robert Hoffman and Robert Hoffman Realty too.

Our Story

Right after college I got a real estate license in 2004 and have 15 years of real estate experience. Angie recently left her job as the Advertising Director at the Albert Lea Tribune to work at our Brokerage full time as our CFO (which includes painting, rent collections and many other various glorified duties of any small business CFO.) Angie worked at the Tribune for 11 years but these last few years have been good for our small business and we work together now building what is shaping out to be a very fair small business for us.

We have been married 514 weeks today and will celebrate our 10-year wedding anniversary on July 1st. We met 11 years ago during the first day of a local Leadership Class when we were sitting next to one another and in small talk Angie accidentally gave away my surprise 30th birthday party coming up that Saturday night. She had no idea it was my surprise party; and I just figured out I fell in love. (Surprise!) We are each licensed in real estate now and licensed in Minnesota and Iowa. We currently own and manage 80 residential & commercial units and specialize in Residential, Rental & Commercial Real Estate Sales and Management in Southern Minnesota. Primarily in Albert Lea Minnesota where we are each from.

RHR

ROBERT HOFFMAN REALTY INC.

Here to help.

We actually also manage a former Wal Mart building in Jim Hagedorn's hometown of Blue Earth, Minnesota that we leased to the farm supply and department store company Bomgaars after Wal Mart decided to close its Blue Earth Location. We actually did the same in our hometown of Albert Lea; a former, vacant, Wal Mart sat empty waiting for its lease to run out and as soon as it did Bomgaars moved into that location and breathe a very needed fresh new breath back into our small town.

Our Wal Mart in Albert Lea actually sat empty for over 10 years before we were hired to first manage the building then to market it for lease. It took many calls to fill it, but we found an amazing fit for our community with a new Bomgaars store. In Blue Earth it was a different story! It took only one phone call and just a few weeks in Jim's Blue Earth. You start to feel pretty good about moving vacant Wal Mart buildings after you get your one first one under your belt. The problem is you've sold most of them in your region after 1 or 2.

Our Small Towns are the Home Town of Small Business

Robert Hoffman Realty is just a small business in a small town like many others, but I think I can help tell the story of many small businesses by just turning the spot light on my home town of Albert Lea in Southern Minnesota for a moment. Our small town of Albert Lea has less than 20,000 people in it but has many of the same small business stories as anywhere in the US.

I cannot overemphasize how every little bit helps. Renovations downtown led to many successful new businesses, including my own, and our Water Shed taking a shot at cleaning up a lake is bringing all eyes on Albert Lea's lakes this weekend, as we host our State Governor's Fishing Opener and have many new people visiting our community and the new tax cuts have greatly helped our small business. Our small business has benefited greatly from the tax cuts and our employees benefited from our company's breaks.

There have been burdens; and every little bit hurts too. The Affordable Care Act caused insurance prices to skyrocket in our area and, being small business owners, we were no longer able to afford health insurance. Fortunately, we've been able to find alternative coverage through a Health Share program, but we are one on-site accident away from losing a lot of what we've built.

Conclusion

Many have given their all to see their small business succeed. We never chose to have kids, work came first. This is only the second time we've traveled in the 10 years we've been married traveled. We are doing fair but not without a hell of a lot of effort. Again, every little bit helps. Our Robert Hoffman Realty company moto is actually; "here to help." It's actually from Isaiah 6:8.

To close, I'd like to share a story. It's not my own, but it has stuck with my since I heard it. A small business owner is stuck down in a hole yelling for help. A Government Regulator walks up to the hole and tells him he'll pass a new law to help and walks away. The small business owner is still stuck in the hole yelling for help and an Inspector walks up. The Inspector says he'll put in new processes so this never happens again and walks away. Ready to give up the small business owner all of a sudden has another small business owner jump in the hole with him. He says; "you're crazy, now we're both down here together!" The other small business owner says "yes, but I've been down before. I know the way out. I'm here to help."

-Robert Hoffman, Albert Lea Minnesota

Madam Chairwoman, Members of the Committee we are here today to provide testimony regarding issues that impact small businesses such as our company, Pleasant River Lumber Company. Pleasant River Lumber owns and operates four sawmills and a trucking company in the State of Maine. Our current employment is 300 people and we are in the middle of a \$25 million capital expansion that will increase our employment by close to 50 people and expand our production capacity by 50%. We are primarily a producer of softwood lumber that is used for housing construction throughout the United States. Our testimony today will briefly address four areas of concern for our small business: trade, taxes, labor, and infrastructure.

Trade

Pleasant River Lumber Company employs 300 and supports an additional 250 well-paying jobs in our communities. Small businesses throughout the United States face many challenges. Some companies, such as our company, face the additional disastrously harmful challenge of foreign unfair trade practices. Left unchecked, Canada's unfair trade practices in the softwood lumber and forestry products industries is a U.S. jobs killer, period. The softwood lumber trade issue between the United States and Canada may appear complicated. I will provide an explanation in my testimony. But at the heart of it, this issue is very simple. Canadian provincial governments provide billions of dollars in subsidies to prop up their softwood lumber industries and safeguard Canadian jobs. Those companies in turn ship their subsidized and dumped products into the United States where severe market disruptions result. These market disruptions kill U.S. jobs. In effect, Canada's subsidies preserve Canadian jobs at the expense of U.S. jobs and their communities.

Canada's government aid allows Canadian producers higher profits during normal market environments – with increased ability to make capital investments and build cash reserves. Canadian producers gain market share in the U.S. – especially during down markets – and maintain employment while operating longer, driving the market down further.

Meanwhile, here in the United States, market down cycles are accelerated and deepened for U.S. producers while Canadian producers are protected from normal market fluctuations. The resulting extreme low lumber pricing forces U.S. mill closures -- in effect, Canada exports its mill closures to the United States. Additionally, U.S. private timberland values are depressed as the manufacturing sector declines.

To sum it up, left unchecked, Canadian trade practices would yield ever increasing market share for Canadian product and producers – displacing and harming U.S. producers, private timberland owners, mill workers, loggers, and many other local U.S. businesses and jobs and their communities.

The United States always has been, and will remain, Canadian producers' primary target market and the Canadian subsidy system relies on the ability to unload subsidized finished product into the U.S. market. About half of Canadian lumber production is shipped to the U.S. market. In contrast, virtually no U.S. lumber is sold into Canada's protected market. When Canada's unfair

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trade practices allows its industry to gain market share in the United States, those gains in market share come at the direct expense of U.S. producers, workers, and their communities.

The differences between Canada's government controlled system and the U.S. private timber system must be proactively managed through the application of the U.S. trade laws, or through an effective bilateral quantitative restraint agreement.

With the failure by Canada to engage in constructive bilateral softwood lumber negotiations with both the Obama and Trump Administrations, the U.S. industry initiated a set of AD and CVD trade cases against unfairly traded lumber imports in November of 2016. It is important to understand that AD and CVD trade cases under the U.S. trade laws involve a complex, exhaustive, and detailed oriented administrative adjudication process before any duties are imposed.

The imposition of the AD and CVD duties against unfairly traded Canadian imports has helped level the playing field. With the full benefit of their massive subsidies offset by these duties, Canadian companies decreased their shipments of lumber into the United States by an estimated 1.4 billion board feet of lumber. Meanwhile, with a level playing field, U.S. producers have increased their shipments by an estimated 2 billion board feet.

With an adequate offset against unfairly traded imports, U.S. companies such as Pleasant River Lumber company are able to make the investments to make more U.S. lumber, produced by more U.S. workers, to more than adequately supply the U.S. housing market. This is a win, win, win for U.S. industry, workers, their communities, and U.S. homebuyers.

Taxes

The Tax Cuts and Jobs Act, TCJA, passed last year has been very helpful to our industry and our business. Reducing the corporate tax rate allows us to be much more competitive in a global market. The reduction in the corporate tax rate and continuance of bonus depreciation are two areas that allow us to grow and add good paying jobs to our mills in rural Maine. In particular, the 100% bonus depreciation has allowed us to enter into a \$25,000,000 expansion program which will add nearly 50 jobs at our mills and countless indirect jobs to benefit our communities.

We are in an extremely competitive industry and must continually upgrade our facilities in order to be a low cost producer and keep good paying jobs in Maine. On average, we reinvest nearly \$4,000,000 each year to keep our mills competitive.

One negative of the 100% bonus depreciation is that it will be gradually phased out starting in 2023 and be completely gone in 2027.

Another negative of TCJA is the elimination of the net operating loss deduction carryback. As mentioned, our industry is extremely competitive and has incurred losses in nearly as many years as we have turned a profit. Prior to TCJA, losses incurred in one year could be carried back to

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affect profits from the prior two years and thus recoup some of the taxes paid in the prior 2 years. These losses now must be carried forward to partially reduce taxes to be paid in the future.

Addressing these few issues would be beneficial to businesses like ours but overall the TCIA has helped us and other small businesses invest and grow.

Infrastructure

Infrastructure is an essential component of forest products industry operations. From securing raw materials to delivering finished products our industry relies on all aspects of infrastructure, including our nation's roads, rails, and bridges, broadband and the power grid.

The need for repairing and upgrading the nation's roads, rails and bridges is well documented. Our roads in Maine are in desperate need of repair and their condition is a major hindrance on our business. The majority of our raw material is delivered by truck and rail as is our finished products. The inefficiency created by sub par roads, bridges, and rail are a major competitive burden on our business. Our Country is in need of massive infrastructure investment in order to be efficient and competitive going forward.

Safe, secure and abundant broadband and the power grid are also vital to our industry and our nation.

Sawmill operations require enormous amounts of electric power. Our concerns include the safety and security of our power grid and the clear and present danger of the vulnerability from bad actors, including domestic and foreign terrorists.

Similarly, adequate, safe and secure data processing and management are indispensable. In fact our company, as well as many others, has first-hand experience with computer hacking and we can attest to the high cost in time and treasure caused by such activity.

That these needs have not been adequately addressed is perplexing inasmuch as investment in infrastructure will actually create good jobs for many years to come and enhance the value of our nation's assets making them attractive to entrepreneurs globally.

These matters are in the best interest of our industry as well as our nation.

Labor

Labor is one of the biggest issues facing our mills currently. The unemployment in our State is effectively zero as anyone who wants to work can easily find a good paying job. As the economy has improved and grown, we are faced with a shortage of people willing to work with their hands in manufacturing and a shortage of trades people in areas such as electrical, mechanical and truck drivers. Our education system is geared up to produce lawyers, accountants, and computer programmers but is not preparing enough people to do the work necessary to actually make things. Making lumber is a highly automated process in our mills and we need good lawyers, accountants, and computer savvy people but we are severely lacking

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in people willing to do the other jobs necessary to operate a manufacturing facility and transport product to customers. We believe that this problem will greatly affect our company's ability to grow going forward and needs to be addressed through our education system and our immigration policies. We need our kids to be trained and encouraged to work with their hands and learn a valuable trade. We also need to allow anyone who is honest and willing to work hard legally into our Country to help fill these jobs and fuel our economy.

Thank you for allowing us to provide this testimony and thank for your service to our Country.


Jason Brochu


Chris Brochu

Co-Presidents
Pleasant River Lumber Company

House Committee on Small Business
Testimony of William A. Skalish, President
Granite Tech, Inc.
104 Landenberg Rd. Suite 3
Landenberg, PA 19350

May 8, 2019

Thank you, Chairwoman Velazquez, Ranking Member Chabot, my Congresswoman Chrissy Houlahan and members of the House Small Business Committees for the invitation. I'm honored to testify before you today.

My name is Bill Skalish and I am the owner of Granite Tech. My business Granite Tech Inc., referred to as GTI is a small import business located in Landenberg, PA that started in 2005. Our business included the importation of cut to fit and fabricated Granite, Marble and Quartz countertops from China to end users throughout the United States. Our customer base consists of the Hospitality Industry including Marriott International (One of four endorsed suppliers), Hilton, IHG, Wyndham, multifamily housing, senior living facilities and student housing. We have 7 employees on salary.

In April 2018, Cambria filed a petition with the International Trade Commission and Department of Commerce alleging that imported quartz surface products from China caused Cambria injury. In September 2018, Granite and Quartz countertops were added to List 3 of Section 301 tariffs at 10% imposed. My business has been devastated by these tariffs and the Departments of Commerce's initial decision on the Anti-dumping and Countervailing Cases in association with the Cambria Petition. While the Cambria petition primarily pertains to slabs, we are being tariffed not only on the cost of materials but also the labor to fabricate the cut to fit countertops.

Our customers including local general contractors, developers, hotel owners and hotel franchises have also felt these impacts. Numerous hotel projects have been placed on hold and some cancelled as they are now over budget not only because of the extremely high proposed tariffs levied as cash deposits on quartz surface products from China, but other materials facing tariffs as well. Furthermore, the current CVD/AD cash deposits (proposed duties) effect numerous other companies throughout the country with similar business models.

GTI's collective tariff rate on quartz surface products is currently at 308.05% which includes the Section 301 tariffs. There is no way my small company cannot survive this and could end up owing Customs and Border Patrol (CBP) in excess of \$1.5M in additional tariffs alone. Additionally, by collecting the anti-dumping and countervailing duties in advance, coupled with the extremely exorbitant percentage, Granite Tech is unable to operate as the profit margin was nowhere near 300%. During Bond renewal in January the collateral dollar amount was so high at \$200,000, money that Granite Tech didn't have due to the astronomical "deposits" we had to pay on the last shipments that were in transit when the AD rate was published in November. Granite Tech can no longer import without a Customs bond.

The impact of this case on us is particularly troubling because GTI is currently in hibernation. Due to the high tariffs, we lost two employees out of seven who were on salary and received substantial bonuses on GTI sales which are now nonexistent. Granite Tech is in hibernation until the next International Trade Commission hearing scheduled on May 9, 2019 at 9:30am and subsequent ruling. I will attend the ITC hearing as an audience member as GTI cannot buy legal fees pertaining to the case. It is unclear whether GTI's import bond would be re-activated due to non-payment of cash deposits regardless of whether

they are refunded should the case be dismissed, or the percentages lowered. I'm hopeful the ITC and DOC will be more realistic with their findings and remedy the percentages in addition to rejecting critical circumstances (90-day retroactive) on both the Countervailing case (not currently proposed) and the Anti-Dumping case (proposed and cash deposits in collection).

It brings me great concern that the current administration already seems to overlook the impact high tariffs have on small businesses like mine in Pennsylvania and across the nation.

Thank you for your time and consideration. I am happy to answer any questions.

Jerry Kortesmaki
London Road Rental Center
Duluth MN 55812

Madam Chair Velazquez, Ranking Member Chabot, and esteemed members of the Committee,

Thank you for the opportunity to speak to you today.

On September 11, 2001, I was working at a nation chain rental location in Duluth MN. I remember clearly where I was standing when I heard a radio in a vehicle tell about what happened that day. The next day was my day off and I was planning on traveling around MN looking at rental franchises to open my own rental store. That evening, we went to church and prayed with the rest of the country that everything would be ok and that we would continue on as normal as we could. So with that, I left at 6 am September 12, 2001 to meet with 5 other rental store owners and begin my journey into the small business world.

On February 01, 2002, I opened London Road Rental Center. My wife and I borrowed all we could against our house and put our life savings at risk to follow my dream. As the sole employee and a very tiny inventory, one that I spread around the store in an attempt to make it look just a touch bigger, it was a very nerve-racking but exciting time. In March, I hired my first employee and began to learn how complicated taxes and regulations were. I did not expect it would be so hard to get workers compensation and figure out how to do deductions, all while operating the actual functionality of a business. In June, we hired our second employee and that brought even more complications. I just wanted to rent things and help people.

The first year did way better than our business plan, but my wife kept her job to provide for our own benefits. We didn't want to take any unnecessary funds from the business in order to allow it to grow as quickly as possible.

Well that is how we started. We continued to put all the money back in the business for a couple of years. Eventually, my wife came to work for us too. We have not taken much money from the business over the years, choosing to instead to grow the business. Since we started the business, the tax laws have change dramatically. Specifically, the 179 and the bonus depreciation have allowed us to invest in our business aggressively.

We currently have 10 full time employees, including my wife and I, and we employ about 20 seasonal personal. Our business volume has grown to \$\$\$\$\$. Our inventory value is \$\$\$\$\$\$.

Most rental store owners buy iron and manufactured equipment, which is good for our economy. When I buy excavators, trucks, tents and many things of that nature, it creates a lot of manufacturing jobs. It multiplies my business over and over.

It has not been easy with the constant change in laws and rules, both from the state and federal level. An example of how messed up things are – the salaried employee issue we had a couple of years ago. The federal government said we could not have our managers on salary for under so many dollars a year and set a dead line. We put everyone back on an hourly wage, but then they changed the rule, costing me thousands of dollars.

Another example is the giant cost of health care – the Affordable Healthcare Act took health care away from most of my employees. We used to have a \$1000 deductible and the employees could afford that. Now the cost has over doubled, and the deductible is \$6000. They do not have \$6000 to cover their deductible, and while we offer a health savings plan, they do not use it.

Employees are a challenge – finding them, teaching them. With the education system telling everyone that they need a degree to get a job, no one wants to do equipment cleaning, maintenance or other entry level jobs, many of which are offered at my store. Additionally, the college system is set up so people cannot have part time jobs, continuing to prevent them from learning real life skills and gaining meaningful work experience. It feels like no one even mows their lawn anymore. You hand a kid a screw driver and he does not know which end to hold.

I have lived the American dream. My wife and I have worked hard and been wise with our money. We try hard to stay educated on the tax laws and regulations that we need to follow as business owners, but we collect 14 different sales taxes for our area alone! I have been to Capitol Hill many times to lobby for tax laws, such as making 179 permanent. I am happy to report that the Tax Cuts and Jobs Act saved me \$7200 last year with the 20% pass thru deduction that we were able to use. Most of that money, I am sure, will go back into my business.

We do have to spend a lot of time and money to keep up with the taxes and regulations. The complexity of running a business is challenging in a great way, but the complexity of the tax codes are a huge burden. It would be great if a businesses and entrepreneurs were more aware of any government programs that were available to them to learn about what they need to get started and properly comply with all the regulations and taxes – one spot to learn what they need to.

The Department of Transportation, that is a mouthful. The rules that I must follow are a major burden on my business. We have two businesses about eight miles apart in two states. With one in Minnesota and one in Wisconsin, all my drivers must be 21 since they cross state lines. The inspections of the trucks, the training and record keeping is huge expense and time consumer. We use pickup trucks with trailers and must follow the same rules as the tractor trailer trucks. Additionally, I have a vision issue that has been stable my whole life. I have driven a few million miles over the years, yet I continue to need to prove my vision has not changed every few months. Then, on top of it, DOT will not allow me to use my eye doctor who has seen me for years. These are just a few examples from yet another agency that make it extremely difficult to own a small business.

In my time as a business owner, I think I have heard there are over 137 federal agencies making “rules” for us to follow. Then you have congress, the courts – we need to simplify this complicated system and stop any non-elected board or agency from passing any rule or law. We elected you to make the decisions, not bureaucrats. If it doesn’t have enough support for congress to pass it, it shouldn’t be a rule or law.

Thank you

Jerry Kortesmaki

Duluth MN

Owner of London Road Rental Center.

A list of some of the government agencies that we must deal with

ANSI OSHA

DOT IRS

DOL SBA

EPA FDA

SEC FTC

FCC CPSC

EEO NHTSA

MNDOT

NLRB MNDNR



**WRITTEN TESTIMONY OF DAVE WALTON
FARMER AND SMALL BUSINESS OWNER
WILTON, IA**

BEFORE THE

**UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON SMALL BUSINESS**

**HEARING ENTITLED
“HONORING THE NATION’S SMALL
BUSINESS HEROES”**

WEDNESDAY, MAY 8, 2019 AT 10:00AM

Good morning, Chairwoman Velazquez, Ranking Member Chabot, and Members of the Committee. I am honored to address you here today. Thank you, Congresswoman Finkenauer, for inviting me to speak as we recognize the positive impact of entrepreneurs and small business owners. It's truly an honor to speak on behalf of millions of hard-working farm families who are an important segment of the small businesses of America.

Once upon a time, the thought of testifying before the U.S. House of Representatives would have struck fear into my heart.

Turns out, it's a walk in the park compared to farming and owning and operating a business that sustains my family and provides employment and economic opportunity for a state built on agriculture.

For more than 100 years, the Walton family has farmed the land I call home near Wilton, Iowa. In 1835, we were the first European settlers to establish a farm, plant and harvest a crop in the area now known as Cedar County. But that's not where our story begins. Centuries ago, after a dispute with the King of England, my ancestors were given a choice. They left England and arrived in the Colonies during the early 1600s, settling on Staten Island first, and then began their migration to Iowa – first to Long Island, on to New Jersey, Ohio, and Indiana before arriving and putting down roots in eastern Iowa.

As my mother often likes to say, members of the Walton family may not have sailed on the Mayflower, but I'm quite sure they were aboard the second boat to make landfall.

I come before you today as an eastern Iowa farmer who has a passion for providing food, fiber and fuel for a growing and more demanding world population. My wife Paula, sons Brad, Alex, and I grow soybeans and corn, raise beef cattle and sheep, and operate a seed company in our hometown of Wilton. Recently, we established a trucking company to transport sand, gravel and fertilizer to provide additional revenue and an opportunity for our sons to join the operation as partners.

As with every business, some days are better than others. That said, there's nothing more rewarding than owning a business and succeeding at it. It takes passion, dedication, sacrifice and yes, some luck. Success in business is truly something to celebrate – not just during Small Business Week, but every week. While there's no single definition of a small business, they are the backbone of our nation – the meat and potatoes of our economy. It's an honor to be here today and speak on behalf of millions of hard-working farm families and small businesses.

For the past year – farm families like mine – the epitome of small business – haven't been in a celebratory mood. Regardless of running a diversified enterprise, managing cash flow responsibly and doing things the right way and for the right reasons – I can tell you firsthand these are difficult times, perhaps the most difficult I've faced as a farmer.

That may come as a surprise given the nation's historically low unemployment and solid gains across most financial indices and for the vast majority of personal pensions, mutual funds and 401(K)s.

But make no mistake – farmers, the communities in which they live and the businesses they sustain – are hurting. Soybean prices – a major source of revenue for my operation – are at 10-year lows – down almost \$2 per bushel from this time last year. Corn prices are also languishing. Dairy prices are at historical lows and beef prices aren't much better. Even pork prices were below the cost of production, increasing only recently due to the outbreak of African Swine Fever in China.

While I'd like to say all is well in rural America, it's not. Why? Well, you could say it's akin to death by a thousand cuts.

There's no one reason why prices farmers are receiving for their products are well below the cost of production. Rather, it's a multitude of challenges – some placed upon us by government's action or inaction, and some by our own making.

Complicating factors include:

- Record, global supplies of corn and protein, including soybeans;
- Trade disputes and disruptions with key export markets including Mexico, Canada, China, Japan, the European Union and the UK;
- China's lack of fair play within the World Trade Organization; this includes subsidization of domestic production while slow-walking the import approval of oilseeds with specific traits;
- Historic delays in the extension of the biodiesel tax incentive;
- Retroactive small refinery exemptions that have destroyed demand for more than 360 million gallons of biodiesel and renewable diesel; and
- Decaying infrastructure leading to catastrophic flooding along the Mississippi and Missouri Rivers and delays in getting bulk commodities transported from farms to market.

Combined, inaction on these and other critical issues are creating the kind of financial headwinds the likes we haven't felt since the 1980s farm recession.

If action isn't taken immediately by Congress and the Administration, the crop some farmers are currently planting may be their last.

As we celebrate Small Business Week, there's tremendous anxiety in places like Wilton, Wellsburg, Webb, Woodbine and West Bend, Iowa and locations throughout the Midwest. These communities may not ring a bell with most Americans, but they are the home towns whose inhabitants draw most of their income from agriculture.

America's farmers are astute at producing. What we need are markets. Many of you gathered here today understand the direct correlation between action you take and the livelihoods of those who farm and operate small businesses.

When access to markets is blocked, farm prices fall. Conversely, prices react positively when demand increases. I can think of few better examples than promoting and enhancing consumption of homegrown, renewable fuels like biodiesel.

I want to recognize Congresswoman Finkenauer for leading a bipartisan effort in the House to retroactively extend the biodiesel tax credit. To help shine the light on the need for boosting prices and demand, the Congresswoman has already held two hearings this year in her subcommittee related trade, the last featuring two corn and soybean farmers and a pork producer from Iowa.

This issue resonates with her as Iowa is the nation's leading biodiesel-producing state, producing nearly 365 million gallons last year. The production of biodiesel supports nearly 4,690 full-time equivalent jobs in Iowa.

Promoting energy made in the USA courtesy of the Renewable Fuel Standard (RFS) has a positive and far-reaching impact. For our farm, biodiesel production adds 63 cents to the market value of every bushel of soybeans – or about \$40 per acre – by generating greater demand for the oil found in each soybean. Now that's real money.

An additional \$40 per acre across my farm would mean that we could re-invest an extra twelve thousand dollars this year alone, into our operation to update machinery like a 20-year-old tractor that is wearing out or invest in technology to continue to improve our efficiency. Those dollars don't stop at the farm gate, they are spent at the local equipment dealership to help pay for the sales staff, the mechanics, the manufacturer and all their suppliers, those dollars in turn are spent in the local area boosting the bottom lines of other small businesses as well. A dollar spent by a small business, in my case a farm, at another small business is the economic driver that this country was built on.

The added value to the soybean oil makes the protein within the soybean more cost-competitive. This benefits livestock farmers by reducing feed costs by as much as \$40/ton. And, given most renewable fuels production facilities are in rural communities, the biodiesel tax credit and renewable fuels industry are a major boost to communities most in need of good-paying, blue-collar jobs and economic vitality.

Since 2005, when the biodiesel tax credit was first implemented, the U.S. biodiesel market has grown from about 100 million gallons to more than 2.6 billion gallons annually. This tax credit has now been expired for almost 16 months – the longest our country has ever gone without it.

Continued inaction is unacceptable. Biodiesel producers are suffering. Without the tax incentive, biodiesel producers will have to make difficult decisions. Already, facilities are beginning to idle production, resulting in reduced productivity and layoffs.

When Congress established the RFS and implemented the biodiesel tax incentive, it sent a signal that growth of the biodiesel industry was vital to achieving energy security, improving environmental health, and boosting rural economies. We continue to implore the Environmental

Protection Agency and members of Congress to fulfill the goals of the RFS by ensuring it's implemented as Congress intended.

America and small businesses like mine benefit directly from the biodiesel tax incentive. Biodiesel not only diversifies our fuel supplies so that we are less dependent on global oil markets – saving U.S. consumers at least 17 cents on every gallon of diesel – but it also improves environmental quality by reducing greenhouse gas emission by 57-86 percent.

The biodiesel industry is ready and willing to expand into the future by making capital investment, but it and the small businesses it sustains cannot do that with the continued uncertainty, particularly with inaction on the tax incentive and the open spigot of small refinery waivers granted by the EPA. To add insult to injury, the small refinery exemptions destroy demand for biodiesel and renewable diesel, creating even more uncertainty and market instability.

Bottom line, without congressional action to extend the biodiesel and renewable diesel tax incentive for 2018 and 2019, small businesses like mine will continue to suffer.

The same can be said for trade.

Continued disputes and disruptions with our trading partners have created tremendous financial strain for America's farmers and small businesses.

China is America's number-one market for soybean exports. Nearly one of every three rows of soybeans grown in the United States are exported to the country of 1.4 billion people. But that's no longer true. As a result, the downward pressure on soybean prices has been dramatic since the U.S. and China became embroiled in an escalating trade war almost one year ago. This included the implementation of tariffs on hundreds of billions of dollars of each other's imports. China's retaliatory duties primarily targeted agricultural products, including an extra 25-percent tax on U.S. soybeans.

The U.S. Soybean Export Council estimates that year-to-date U.S. soybean exports to China are down almost 90 percent. Despite our best efforts to open new markets and increase market share to other destinations including Europe and Southeast Asia, global U.S. soybean exports are down almost 25 percent this year. Soybean prices have plummeted about \$2 per bushel as a result, costing farmers billions of dollars.

Adding insult to injury is the spread of African Swine Fever in China. The disease is decimating the nation's pig herds resulting in steep declines in feed consumption. This directly and negatively impacts soybean meal demand, thus reducing Chinese soybean imports. Any and every reduction in soybean demand, whether here at home or abroad, negatively impacts the price of soybeans I have ready to sell and the value of the soybeans I'm getting ready to plant.

Any trade war involving food hits states like Iowa and small businesses like mine particularly hard. Adding to the complexity and pessimism is that no one knows when the anxiety and pain will ease.

The next one to three years is forecast to be very difficult for farmers to find profit opportunities. We excel at producing soybeans and other commodities in Iowa – far more than we can consume domestically. Therefore, export markets are critical. This is especially true for soybeans.

While farm families like mine support efforts to ensure the business that we do with China is fair, reciprocal and equitable, we need trade, not aid. We need markets and the opportunity to sell the quality products we grow to the countries and people who need and want them. That's currently not happening.

Government should work for and not against America's farmers. Small businesses like mine are hurting. We must end the gridlock and go to work advancing important ag policy. This includes extending the biodiesel tax incentive, approving the U.S. Mexico Canada Trade Agreement, resolving the trade war with China, and advancing much-needed funding for repairing and building our farm-to-market infrastructure. Doing so would be the best and most effective way to truly celebrate America's small businesses. My sincere hope is that these issues will be resolved quickly so many more generations of Waltons can continue this 400-year journey of farming in this great country.

I look forward to continuing the conversation and stand ready to assist you and your colleagues in crafting solutions and moving these issues across the finish line. Thank you again for allowing me to share my story on behalf of Iowa's soybean farmers. I am happy answer any questions you may have.

Brittney Reese of FIT & NU (Aurora, CO)
Testimony for Congressional Hearing titled, "Honoring National Small Business Heroes"
May 8, 2019

Chairwomen Velazquez, Ranking Member Chabot, and Members of the Small Business Committee:

Thank you for hosting this hearing to honor small business heroes and for inviting me to speak today. I also want to thank my representative, Congressman Jason Crow, for giving FIT & NU the opportunity to speak here about the work we are doing as a small business in the district he represents.

My name is Brittney Rae Reese, Co-Founder of FIT & NU - Colorado's first FITness & NUtrition club for busy women of color located in Colorado's 6th Congressional District in the city of Aurora. My sister, Joslyn, and I started FIT & NU in 2015 with the mission to help busy women of color improve their health, ease their minds and influence their communities and families to **LIVE WELL**. We do this through Functional FITness training and habit-based NUtrition coaching. When asked, why we were selected as a Small Business Hero, we were told because we "take advantage of our resources, work hard, and bring passion". My sister and I work well together and maintain a family relationship that extends to the women we serve.

There's Tammy: a mother of 3 who has been buried under unhealthy weight for years and is determined to break free. She has shared her appreciation for us "birthing the vision to transform the lives of busy women of color". She states, "we so often put everyone above ourselves - husband, kids, careers, etc. So to have a place where women who look like me are winning with weight loss and creating healthy habits, just to name a few, is nourishment to my soul".

Client, Franita Ware, Ph.D - educator, consultant and creator of Radical Self Care shared that for the past nine years she had been searching for a place that is big enough and yet small enough to meet her needs. She stated, "I am grateful to have found a place where I can be myself, feel welcome and included. I have not had this experience anywhere else, and I love that it's women of color supporting women of color. I truly feel like I'm fulfilling a purpose that not only serves me but serves a great (small) business."

FIT & NU celebrated its official grand opening as a fully staffed and equipped boutique wellness club in March of 2019, not only positively impacting health and wellness for women in the community we grew up in, but employing, collaborating and contracting with other small businesses and entrepreneurs as well. Hard work and determination alone did not get us here. The success that my sister and I have enjoyed so far is due largely to the support of local non profits like the Women's Business Center at Mi Casa Resource Center and Community Enterprise Development Services (also known as "CEDS Finance") - two Colorado

organizations that equip women and minority business owners in our pursuit of impact, longevity and profitability.

I highlight these organizations because of the work they do to propel low income entrepreneurs like myself through glass ceilings, out of cycles of poverty, and beyond gender wage gaps. Between 2014 and 2018, Mi Casa created 721 jobs, launched 35 new businesses and hosted countless workshops on topics ranging from finance and HR to strategic planning and social media marketing. CEDS has financed 213 businesses and placed a total of \$4.05 million in investments with the help of the Small Business Administration.

So when I think of what Congress can do to help small businesses, it would be to continue programs in the Small Business Administration that fund organizations like Mi Casa and CEDS that support disadvantaged businesses, such as minority-owned and women-owned businesses. This will afford us to grow beyond the uphill battle as start-ups, and give us the resources to hire team members, implement marketing campaigns beyond grass root efforts, and to become more sound business operators and owners. Also, as Congress passes legislation that allocates capital funding in support of small businesses, the focus should be on helping businesses develop and sustain internal operations. As low income business owners, we are our main human resource. We would like to help ourselves and other disinvested people and communities join the economic mainstream. Wage subsidy programs and debt relief are amongst those of interest to us.

Congress should also be giving funding and incentivizing small businesses to partner and collaborate with their community members to help expand their reach.

We sought out community health organizations that share the same mission and we proposed a partnership to help both bottom lines. The Colorado Black Health Collaborative, The Stapleton Foundation - Be Well Initiative, American Diabetes Association and soon the Black Women's Health Imperative are a few of the organizations that have helped expand our reach. Because of these partnerships our network, our visibility and trust within our community has grown.

Furthermore, if Women's Business Centers (WBC) and Community Development Financial Institutions (CDFIs) did not exist, we, the disadvantaged black women visionaries, low-income entrepreneurs, change-agents of global health, refugees and minorities would not have access to low cost developmental services and capital to grow.

In closing, we are thankful for the contributions Congress has made, thus far, to bridge the social and economic gap for women like me; however, many of the available resources are still directed at larger companies, yet businesses that are "small" to the federal government need these partnerships with organizations that see them as large. I hope my testimony affirms that women and minority-focused organizations *do* make a difference and that they are the lifeline to making the "American Dream" work.

Thank you again for the opportunity to share our story on behalf of all women-owned and minority-owned small businesses in the district and the country.

Honoring the Nation's Small Business Heroes

Hello everyone. My name is Colleen Cruze Bhatti, and I am from Knoxville, Tennessee. I'd like to talk to you today about my dairy farm and ice cream business. We've been selling milk and ice cream now for just under 10 years. And though I am not an expert on small businesses, I hope that by relating my personal experience with small business, I can share what I believe are the challenges and opportunities facing small businesses more broadly in America today.

First I'll give a little bit of background: My husband and I milk around 83 jersey cows twice a day, just east of Knoxville, and we process that milk into pasteurized non-homogenized milk and ice cream mix, which we sell in and around the Knoxville area. We also have a couple of ice cream shops of our own as well as a pizza place. We love farming, we have a passion for turning our milk into delicious food, and we love making people happy.

Manjit and I got our start in 2010 when we had just fallen in love, I had just graduated college, and my parents were starting to look for someone else to manage and grow the fledgling dairy farm they had started 30 years earlier. Our dream, initially, was simply to run a successful dairy farm. Many of you perhaps are not aware that the American commodity dairy farming industry is at a crossroads. Family dairy farms are closing at a faster rate than they have in any previous decade since the 1920's. Milk is simply not worth as much as it costs to produce. In the dairy industry, the conventional wisdom for the last several years has been, "Go Big, Go niche, or get out". Many, of course, are choosing the last option. Most of the remaining dairy herds have expanded to milk 50 to 100 times as many cows as their grandparents milked. My mom and dad have always "gone niche". Unlike the vast majority of dairy farms, we do not sell our milk to a third-party shipper who then sells it to a processing plant. We process the milk ourselves and sell it around town, and we choose the quality and we choose the price. Selling milk and ice cream directly to consumers has helped us keep the farm afloat. It lets us get the income that it takes to care for cattle and soil the right way. I wish every farmer in America could earn a decent living farming, because it is the oldest and most noble profession for men and women, and yet it is also often one of the most thankless.

Since 2010 we have worked hard to grow our dairy farm and little processing plant into a robust direct-to-consumer business that employs around 70 men and women and serves pasteurized milk, ice cream and artisan pizza to Knoxville's downtown and east side communities and along the way, we have learned that there are downsides and upsides to running a small business. Some of the downsides are that you'll never be able to offer a cheaper product than your corporate competitors, you won't have their startup capital, their industry connections, their supply chain stability, and you won't be able to offer your employees the same benefits and pensions that keep many of our fellow citizens hanging on to their jobs in the corporate world. But let's take a second to consider the upsides: First and foremost, small businesses can and should offer high quality products. My dad is a 76-year old 4th generation dairy farmer; he's full of wise one-liners. One thing he always told me growing up is, "you can't compromise on your quality". It's a saying that is so often repeated that it borders on banal, but for small businesses in particular, quality has to be THE mantra.

When you farm on a small scale, you have the opportunity to be good to your soil and to give a high quality of life to your animals. You can keep them on pasture, you can grow crops

sustainably, and in turn, you get rich, nutritious, delicious milk. I'm not an economist. I don't know why small farms produce better milk. But I drink milk everywhere I go, and small dairy farms who process their own milk, always have the best tasting milk. I often find that the same is true for small businesses in other sectors of the economy as well. The best experiences, products, and services I've had have always come from small businesses. For whatever reason, small businesses just are able to offer better quality.

I mentioned earlier that Manjit and my initial goal in starting a small business was simply to keep my parents' dairy alive. However, we've adapted our goals as we've added employees to our business. In two years we've added around 70 employees. We never knew we would have this many employees. We didn't take classes to know how to have employees. We are farmers. Farmers usually only have one employee, if that.

We often pay lip service to the fact that small businesses employ the vast majority of Americans, 99.7% in fact. However, many of us also think that a job in corporate America or with the federal government is the only path to job security and a stable retirement. Rural America thinks very highly of that coveted UPS job, for example, or employment with the local utilities district. As small business owners, most of us can't offer health insurance, and certainly we can't afford pensions. But what we as small business owners need to realize is that we employ America, and we employ America's future, and we should view this as our unique opportunity to help build the America that we dream of. Employment is much more than merely providing a service in exchange for an hourly wage. Employment defines us as Americans. We are known around the world as "workaholics". We don't take vacations. Many of us work two jobs. And as a result, I believe that small business owners in America have a unique opportunity to help define what employment can be in this upcoming century. I believe that a job has to be something that one takes pride in, it can be fulfilling, it must be nourishing and not draining, it has to facilitate physical and mental health. It must provide a forum for community and friendship. Of course a decent wage is at the basis of a good job but certainly a fulfilling sustainable job must have these other qualities as well. Because at the end of the day, we Americans spend almost all of our time at work.

Fostering a great work environment starts first with realizing that your employees are the centerpiece of your business. Once you acknowledge that, developing a happy and healthy environment becomes much easier. Here are a few things we do in our business that I feel have had a positive impact on our employee's lives:

I pay my employees far above average, I make sure to showcase them individually in our social media postings, I provide free access to weekly exercise classes that we attend together, we have company wide breakfasts and meetings often, and we don't necessarily discuss work at them, we give prizes to employees who complete a 30-day #eatyourveggies challenge. We go on research trips to other farms and ice cream shops in other cities as a way to stay excited about work. We provide high quality nutritious farm products at a discounted rate to all of our employees. As you can see, it's quite a grab bag of programs and incentives; i can't say we'll be doing the same ones next year. The salient point, however, is that I, as a small business owner, choose to make my employees' lives my central priority.

When you run a small business, it can be difficult sometimes to see the forest for the trees.

Paperwork consumes you. Employees get sick or injured. Sometimes lawsuits or audits unexpectedly arrive in the mail. There never seems to be enough time to do the bare minimum, let alone direct your attention to things like quality and “employee well-being”. But the quality of what you serve and the environment that you provide for your employees are paramount if you want your business to survive.

**TESTIMONY OF
SHAWN PULFORD
CEO OF LB WATER SERVICE INC.**

**BEFORE THE
COMMITTEE ON SMALL BUSINESS
UNITED STATES HOUSE OF REPRESENTATIVES**

May 8, 2019

Good morning. I would like to thank Chairwoman Velázquez, ranking member Chabot, other distinguished members of the US House of Representatives Committee on Small Business, and specifically Congressman Joyce for inviting us here today. I am honored to testify before the Committee in recognition of National Small Business Week, representing one of our nation's small business heroes, LB Water Service Inc.

My name is Shawn Pulford, and I am the CEO of LB Water. Our company was born in 1970, when our founder, Lehman B. Mengel, capitalized on a market need for readily available waterworks infrastructure materials in the south central region of Pennsylvania. In the timespan of nearly 50 years, we have grown from three employees and one location to 225 employees and eight locations.

LB Water is now the leading provider of innovative solutions for water, wastewater and stormwater throughout the mid-Atlantic region. We serve cities, counties, municipalities,

contractors, engineering firms and development companies. Many of our manufacturers, as well as our customers, are also small businesses.

We also now operate two affiliated companies, Stormwater Solution Source and 540 Technologies. Stormwater Solution Source provides stormwater and environmental solutions that help state and local governments, contractors and companies meet increasing regulations governing the management of stormwater and erosion and sediment control. 540 Technologies serves an expanded region of 21 states, offering smart city solutions for water-loss management, street lighting, electric metering, and data acquisition and management to both public and private entities.

In 2002, LB Water's owners sold the company's assets to the employees, and LB Water has operated as a 100% Employee Stock Ownership Plan (ESOP) company ever since. Our company is one of more than 6,600 ESOPs in the United States that, combined, employ 14.3 million workers. It is because of the provision for ESOPs in The Employee Retirement Income Security Act of 1974 (ERISA) that LB Water has been able to attract and retain its high-caliber workforce, invest in top-notch training and equipment, and provide exceptional benefits to our employee-owners. In addition, LB Water's status as an ESOP has provided the foundation for our company's success.

I am pleased to say that LB Water has experienced tremendous growth in the last five years. This is due, in part, to increases in both public and private investment. We are benefiting from relief provided by federal tax cuts. As we consider the south central region of Pennsylvania, which includes Congressman Joyce's district as well as our Chambersburg location, we can see economic development at work. The region is becoming home to manufacturing and distribution operations for many companies. We have witnessed the construction of 15 new warehouses, each exceeding 1 million sq. ft., along the I-81 corridor from the Maryland line to Harrisburg. We and other businesses in this region have experienced a positive residual economic impact due to this increased activity. However, the area is quickly reaching full employment, the need for skilled labor is high, and concerns are mounting regarding the ability of I-81 to handle the increased traffic demands in the corridor.

At LB Water and our affiliated companies, most of our solutions are designed to address our nation's aging subsurface water infrastructure, much of which is well over 100 years old and in dire need of replacement. This critical infrastructure remains "out of sight and out of mind" until a major failure occurs. Using advanced detection technologies, we can see, hear, and pinpoint even small water leaks and provide solutions before they become big events that appear on the nightly news. Yet, repairs alone cannot solve the state of our country's deteriorating water infrastructure. Much of it needs to be replaced.

For more than two years, Congress has discussed the need for comprehensive infrastructure legislation to address the country's transportation and subsurface water infrastructures, both of which are essential for economic development and as well as quality of life. As LB Water and other small businesses look ahead to future opportunities and growth, it is clear that this is a critical matter upon which the Federal government could act. We strongly urge Congress to pass a comprehensive infrastructure bill that funds needed improvements to our nation's crumbling water distribution systems along with our nation's highways, bridges and airports.

I would like to conclude my testimony by saying that it has been a tremendous honor for me to appear before the committee today to tell our story and to speak to some of the issues that impact the day-to-day operations of LB Water. We truly believe we are an American success story. I am proud of our 100% employee-owned company, what we have accomplished, and how we are positioning ourselves to continue to succeed in the future. Thank you. I would be happy to answer any questions.

Questions and Answers for the record

From Congressman Crow to Ms. Reese

1. What are some of the barriers to starting or growing a small business that women, or specifically women of color, face and what are some helpful tools you have used to overcome them?

Building a network of organizations (not just individual professionals) is definitely a barrier for women of color businesses. In Colorado, the African American and Latina population is small enough that connecting with others whom look like us is not the challenge. However, establishing quality relationships with large organizations that may share similar missions is an important key to growth. We have found partnerships with organizations like American Diabetes Association, Colorado Access, Colorado Rural Health, Mental Health Center of Denver, Mpowered Debt Consultants, has played a critical role in our success. There are others we have had the pleasure of working with, however; to get there we had to be introduced by a trusted source or given the opportunity to present ourselves in-front of these groups for consideration. I imagine there are times in which we submit an application and the individual reviewing us is impressed with what they see on paper. In our experience; however, real interaction and having a presence within a space in which we were invited, has presented the largest return.

2. In prior hearings we have heard about the impact that student loan debt has had on small businesses, i.e. starting a business while in debt or recruiting clients and keeping them. Can you share your experience and how student debt has impacted your business and clients?

Student loan debt presents us with a major financial barrier. Both, my sister and I pursued education in fields that we once worked in. Now, things are different. We are building a business using the knowledge acquired. However, we are a start-up and we are breaking-even. We took a risk and launched our business with student loan debt, with the anticipation of creating something that would eventually lead us out of the hole. Luckily, we've been blessed to receive financing based more on our character than credit score, but we haven't reached our full potential yet and student loan debt often threatens our business success rate. Our character based loan is small (under \$30,000). Based on our growth projections we need more capital to market and hire staff so that we can retain our current client base plus attract and retain more. Our student loan debt is causing a reduction in the ability to create new business. We may be able to sustain ourselves now but it is going to be very difficult for us to grow without student debt relief.

Our Millennial clients are often met with the same challenges of having to choose between paying their student loans over investing in their health. The issue of low wages to high debt while living in a city where the cost of living continues to increase truly takes a toll on millennial aged women. Many times

we've had to be flexible with clients, allowing them to "freeze" their membership during their financial hardship just so we wouldn't lose them all together. This, in turn, impacts our monthly revenue.

Our services are now primarily marketed to 40+ year old women who aren't as impacted by student loan debt as our younger clientele and who is financially able to be a long-term client.



**“Honoring the Nation’s Small Business Heroes”
Testimony before the House Committee on Small Business**

May 8th, 2019

**Submitted by
Scott Asbjornson, Vice-President of Finance and Chief Financial Officer
AAON, Inc.
Tulsa, Oklahoma**

Chairwoman Velázquez, Representative Hern and members of the House Committee on Small Business – my name is Scott Asbjornson and I am currently the Chief Financial Officer of AAON, Inc., a manufacturer of semi-custom heating ventilation and air conditioning equipment for commercial use. We were founded through a leveraged buyout of a corporate division with fewer than ninety (90) personnel and under \$20 million in sales in 1988. We now employ in excess of 2,300 people in multiple locations nationwide with revenue in excess of \$430 million and are publicly traded on NASDAQ.

The Tax Cut and Jobs Act signed into law in December 2017 provided AAON – and virtually every American – a tremendous opportunity, and our country has made the most of that opportunity.

Combined with the Trump administration’s efforts at regulatory reform, the tax reform law has had a profound effect on the U.S. economy.

Across the country, hundreds of companies added jobs, paid bonuses and raised workers’ pay in direct response to the tax cut. They also invested in their communities by boosting charitable giving. Specifically, the lower corporate tax rate helped our company raise entry level wages by more than 15 percent and provide a \$1,000 one-time bonus to each non-executive employee.

In addition to improving the income of our entry-level personnel, the economic growth in the economy has translated into strong demand for our equipment. Therefore, AAON has also grown employment by adding in excess of 20% to our staff over the last year and one-half.

While many of these actions by other companies created immediate benefits which made the news, equally important were the changes that took place internally, usually out of the public eye.

As an example, the law also gave us an incentive to accelerate capital investments through immediate depreciation. AAON has both replaced some sheet metal fabrication equipment with new equipment and added capacity. These decisions made us more productive, while creating jobs and profits for the companies supplying the machinery. It’s that kind of ripple effect that multiplies the benefits of sound tax policy – and that can all too often get lost when measuring the effectiveness of tax and regulatory policy.

The impact is far wider, of course, than just how the tax cuts affected any one company.

The booming economy has tightened labor markets and pushed up wages by almost 4 percent over the past year. We have an historically low unemployment rate of 3.8 percent, with unprecedentedly low rates for African Americans and Hispanics. The nation added 600,000 jobs in the two months at the turn of the year, even while the government was partially shut down. Initial jobless claims are the lowest since 1969.

The United States has seen eight consecutive quarters of 2 percent-plus GDP growth, even while the Federal Reserve was raising interest rates multiple times.

When the Global CFO Council was surveyed about the international economy last fall, they reported that the United States was the only major economy in the world that was improving.

That's not a coincidence, or an accident, or a bit of good luck.

The U.S. economy is enjoying renewed growth – and American workers are reaping the benefits – because our tax and regulatory policies are making it happen.

And while there has been much talk about how only a select few received a tax cut, the facts say otherwise.

According to the Joint Committee on Taxation, two-thirds of taxpayers are paying less in federal income tax today than they were before the law was enacted. Nearly half of all filers got a tax cut of \$500 or more.

And the benefits of the tax cuts are not restricted to a few geographic regions or income brackets. Studies by the Tax Foundation and the Heritage Foundation showed that taxpayers in every congressional district and at every income level got a tax cut.

Less commented on but nearly as significant as the policy changes has been the general demeanor of the federal government, which now views entrepreneurialism and economic growth as positives. That has not always been the case in the recent past.

The tax and regulatory policy changes are the substantive manifestations of this mindset – that the economy is strongest when people get to keep more of the money they earn and get to choose how to spend, save and invest it.

One final issue we see as important to mention is that AAON, Inc., is a majority-minority corporation. We employ people from a wide variety of racial, ethnic, national, gender and religious backgrounds. As a participant in E-verify, we believe in employer accountability for the verification of employment-eligibility. We also see the benefit to the nation of talented people being able to enter through the H1-B process as well as through well-managed refugee programs. We are a nation of ambitious, independent and diverse people who work together to build a stronger country for our mutual benefit. We hope the legislature is able to find answers to our immigration challenges which respect the existing citizens while incorporating compassion for the persecuted and allowing opportunity for the talented.

Thank you for holding this hearing and I appreciate the opportunity to testify before this Committee. As manufacturers and employers, we are excited by the relative strength of the economy and the growth opportunities available. While the tight labor market presents challenges, we prefer to be operating in a time when shared prosperity is lifting incomes for so many in our society. A broad based, market driven economic expansion seems most likely to be resilient and robust. Thank you for hearing my perspective as you consider legislation impacting the businesses of our nation.

Kristofor Sabey
Surf Liquors & Market
Seaside Heights, NJ 08751

Testimony to the House of Representatives
Committee on Small Business
May 8, 2019

Background

My name is Kristofor Sabey, and I am the owner of Surf Liquors & Market in Seaside Heights, New Jersey. The story of a small business owner usually includes a winding path of self-discovery, and mine is no different. In 2006 I graduated from Johnson & Wales University with a Bachelor of Science in Business Management, with a concentration in Operations Management. Straight out of college, I began a successful career as a Project Manager with Meridian Consulting Group, working on bonded construction sites. I spent much of this time traveling for my job, including almost two years in New Orleans rebuilding schools following the destruction of Hurricane Katrina. After four years of working away from home, I realized that I wanted to create a life working for myself that allowed me to spend more time with family. I moved back to my hometown of Toms River, New Jersey to pursue this new dream.

In 2010 I married my now wife, Patty, who has four generations of small business in her blood. Her family founded & still owns Lucky Leos Arcade on the Seaside Heights Boardwalk, an iconic landmark at the Jersey Shore. She had her own business as well; Patty opened Lucky Lady, a successful clothing boutique on the boardwalk in Seaside Heights, in 2005 when she was just a junior in college at the Fashion Institute of Technology. She graduated in 2006 with a BFA in Fabric Styling and an associate degree in Fashion Merchandising.

Patty and I purchased Surf Liquors & Market in 2011. It's a business that was established in 1982, and is a mainstay on "the island" for wine, beer and liquor, as well as snacks and other needs for the weekend at the Shore. We became a young couple with two seasonal businesses and a growing family: our son, Kurt, was born later that year.

In 2012, Hurricane Sandy hit and we were devastated. Waves crashed through Patty's boutique on the boardwalk, and the liquor store was destroyed as well. We felt every sort of emotion; thankful that our family was safe, heartbroken that our hard work was washed away with the storm, and terrified about what our future held. But small business owners are nothing if not determined, and we knew we would come back from this.

I'm thankful for the grants that kept our head above water in the wake of Sandy. I received an NJEDA loan that was a true lifesaver. It allowed me to rebuild, and even though we are nowhere near hitting the numbers we were making prior to the storm, I am confident that with the right support from our government our small businesses will thrive again.

Surf Liquors & Market remains in its original location, although Seaside Heights has not yet bounced back. Uncertain of the future of the boardwalk, Patty chose to close Lucky Lady and instead focused her efforts on a new business, while also growing our family with the addition of daughter Penelope. We opened House of Lucky in 2014 in Lavallette, New Jersey, just down the road. It has become one of the go-to lifestyle boutiques in the area, and has inspired us to open a second shop, Salt House, opening this summer right next door.

We love being small business owners, and can't imagine any other life for us. It has brought our family so much joy. Our children both have dreams of business in their future, too; Kurt (7) wants to run the family arcade, and Penny (4) wants to be a "donut maker" when they grow up. I would love nothing more than to see them follow in our footsteps, but can't help but worry about the future of small business in America.

The State of Small Business

The particular struggle of seasonal small businesses is a unique one; of course there are the usual suspects: minimum wage, funding... the list goes on. A seasonal business also sees the effects of environmental factors and a young workforce.

The minimum wage has been on our mind the most recently with the passage of NJ A15 (18R), which will raise New Jersey's minimum wage to \$15 per hour over the next few years. We've always paid our employees over the minimum wage, as we feel that good support is one of our most important assets. It is hard to find, however; in our seasonal towns, the pool (of mainly high school or college students) demand more and more, while wanting to work minimal hours. We can't raise product costs to combat the rise in wages, as we then could not compete with bigger stores, which is hard enough today when those other businesses do not play by the same rules (paying workers under the table, illegal moving of inventory between stores, etc). On top of this, liquor licenses are being devalued with the ideas of R1 & R2 bills in New Jersey, which could someday allow other types of businesses to sell alcohol - not to mention Amazon's acquirement of a liquor license. The uncertainty is stressful on a small business, and does not seem to be going away any time soon.

While regulations are necessary and well-meaning, they have made it increasingly difficult to own and operate a liquor store. It often feels as though the ABC in New Jersey is working against me, rather than with me. Local rules and ordinances that are intended to be positive have resulted in the shuttering of other businesses, and towns like mine rely on the success of others to bring patrons to town.

Of course, Hurricane Sandy has also played a huge role in the direction of our businesses, but it goes beyond rebuilding the shops. Infrastructure became a problem in the years after the storm, and repairs continue today. Route 35, a major roadway on which House of Lucky sits, was under construction for years, impeding customer parking and dissuading day trippers from visiting because it became too much of a hassle. The beach replenishment along the coast, which of course is necessary, has affected tourism in ways previously unseen. On top of this, insurance rates for our properties have spiked. Our

hope is that our government can work together to improve our environment so that future generations can enjoy the beauty of the Jersey Shore before it is washed away.

Our local community has been the biggest asset in keeping small business alive at the Jersey Shore. While we have struggled with all of main points I've discussed above, we have seen enormous growth in the local small business community. I'm inspired by how we have banded together to produce events, better our towns, and encourage one another in a multitude of ways.

Owning a small business can often feel like you are a small voice in a crowded field. I hope you can stand with me and my fellow small business owners, seasonal and otherwise, and remember us when you are making the laws that will ultimately not only affect our lives but also the communities that we serve & support.

Thank you so much for listening to my story.

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