

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

CHRISTEL SLAUGHTER, PhD, CHAIR
SMALL BUSINESS COUNCIL

TOM SULLIVAN, EXECUTIVE DIRECTOR
SMALL BUSINESS COUNCIL

July 24, 2018

The Honorable Steve Chabot
Chairman
Committee on Small Business
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Nydia Velazquez
Ranking Member
Committee on Small Business
U.S. House of Representatives
Washington, D.C. 20515

Re: July 25 Hearing entitled, “The Tax Law’s Impact on Main Street”

Dear Chairman Chabot and Ranking Member Velazquez:

Thank you for holding a hearing on how the passage of last year’s Tax Cuts and Jobs Act has benefitted small businesses.

I am Christel Slaughter, Ph.D., CEO of SSA Consultants based in Baton Rouge, Louisiana and the incoming Chair of the U.S. Chamber of Commerce’s Small Business Council. The Chamber is the world’s largest business federation. It represents the interests of over three million businesses and organizations of all sizes, sectors, and regions, as well as state and local chambers and industry associations. Ninety-six percent of Chamber member companies have fewer than 100 employees and 75% have fewer than 10. The Small Business Council works to ensure the views of small business are considered as part of the Chamber’s policy-making process.

Examples of Positive Impact from Tax Cuts

The Small Business Council’s last semi-annual meeting took place in conjunction with the release of the MetLife & U.S. Chamber of Commerce Small Business Index for the first quarter of 2018.¹ The findings of our quarterly survey reflected a confidence in the direction of the national economy and showed that 66.3% of small business owners had a positive outlook about their company and the small business environment in the United States. Most importantly, for the purposes of this hearing, small business owners were twice as likely to think tax reform would help their business than those who thought it would hurt. That confidence continues, as our more recent Index climbed to 68.7,

¹ Findings from an Ipsos poll of 1,000 small business owners and operators conducted by phone between January 8 and January 25, 2018. Results may be found at: https://www.uschamber.com/sbindex/SBI_2018_Q1.pdf.

reflecting that two out of every three small business owners are optimistic about their company and the small business environment.²

At our meeting, several of my fellow Small Business Council members discussed their plans to reinvest savings realized from the Tax Cuts and Jobs Act:

Melissa Bercier founder of Couch Clarity, a private psychotherapy practice near Chicago, explained how tax cuts are giving her an opportunity to provide team building and professional development for her 10 staff members. Melissa calls her reinvestment strategy, “helping the helper.” The strategy has a positive domino effect because Couch Clarity’s two locations help people in the community and a happy Couch Clarity staff means a happy community.

David Mahoney is the President and CEO of Noble Gas Solutions in Albany, New York, a gas distribution and welding supply company with 33 full-time and three part time employees. David explained how difficult it was getting through the recession, with Noble Gas Solutions experiencing a 15% decline in revenue and an eight-year business drought without experiencing additional sales in upstate New York. He told me that last year, the economy in the North East finally rebounded and his sales increased by 10%. The tax cuts allowed David to raise wages and prompted him to plan for hiring new staff, a luxury he could not afford for the past several years.

Melissa’s and David’s examples of how they are re-investing tax cut savings to provide higher salaries and increased benefits for their employees are echoed by small businesses throughout the United States.³

In my small business, our employees are taking home more of their earnings and many of our clients are benefitting from the Tax Cuts and Jobs Act. One of those clients, RoyOMartin, announced the opening of a new state-of-the-art Oriented Strand Board (OSB) plant in Corrigan, Texas this past May.⁴ At full capacity, the plant will ship enough products to supply OSB for approximately 70,000 U.S. homes per year. RoyOMartin’s investment in the new plant created 165 direct jobs and more than 470 indirect jobs in construction. The tax cuts would allow them to make additional investments in operations and staffing. This example shows the positive ripple effect of business confidence and optimism due, in part, to tax reform.

Our organizational consulting firm has seen an increase in business this year. Our clients are doing well and they want to remain competitive by working with us on

² Findings from an Ipsos poll of 1,000 small business owners and operators conducted by phone between March 22 and April 23, 2018. Results may be found at: https://www.uschamber.com/sbindex/SBI_2018_Q2.pdf.

³ See a map of businesses that are reinvesting tax cut savings at: <https://www.uschamber.com/tax-reform>.

⁴ RoyOMartin is a forestry-related and wood-products manufacturing company based in Alexandria, Louisiana that employs 1,110 workers in their two manufacturing facilities.

strategic planning and making sure they retain their talented employees in this tight labor market.

Improvements Needed for Tax Reform to Have an Even Greater Positive Impact

While we are extremely appreciative of the lower rates made possible by the Tax Cuts and Jobs Act, the small business community is still waiting for the IRS to issue guidance on section 199A,⁵ which governs the 20% deduction for small businesses. Until guidance is issued, many basic questions about the provision remain outstanding, thereby preventing small business owners from making informed decisions.

Finally, we would like to work with the Committee and your colleagues on the Ways and Means Committee to make the small business tax cuts permanent. Many of us want to plan ahead, whether it is to grow our businesses, sell our businesses, or pass what we have built on to our children. The expiration of several tax benefits in 2025 would limit our ability to implement expansion or transition plans for our businesses.

We look forward to working with you to improve the tax code through legislative action and we appreciate your attention to the ongoing benefits of the Tax Cuts and Jobs Act for the small business community by holding this hearing. Please do not hesitate to contact Tom Sullivan who heads our Small Business Council if you have any questions at TSullivan@USChamber.com or 202-463-3192.

Sincerely,



Christel Slaughter, PhD
CEO
SSA Consultants
Baton Rouge, Louisiana

⁵ Unless otherwise noted, all section references are to the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.