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MEMBER DAY

HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS
UNITED STATES
HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

HEARING HELD
NOVEMBER 30, 2023



Small Business Committee Document Number 118–032
Available via the GPO Website: www.govinfo.gov

U.S. GOVERNMENT PUBLISHING OFFICE
54–162 WASHINGTON : 2024

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MEMBER DAY

THURSDAY, NOVEMBER 30, 2023

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The Committee met, pursuant to call, at 10:02 a.m., in Room 2360, Rayburn House Office Building, Hon. Roger Williams [chairman of the Committee] presiding.

Present: Representatives Williams, Velázquez, Landsman, and Davids.

Chairman WILLIAMS. Okay, before we get started I recognize myself to lead us in the Pledge and the prayer. Please stand.

I pledge allegiance to the flag of the United States of America. And to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

Bow your head, please.

Heavenly Father, God of all people, thank you for allowing us to be here today to do things together as a team to make our country better and be open-minded about it. In Your name we pray. Amen.

Good morning. I now call the Committee on Small Business to order.

Without objection, the Chair is authorized to declare a recess of the Committee at any time.

I now recognize myself for my opening statement.

Welcome to today's House Committee on Small Business Member Day Hearing. I want to thank each of you who may not sit on this Committee for taking the time to come and share with us what you are hearing from small businesses in your districts. I think this is an excellent way for those of us on the Committee to broaden our understanding and hear about what is going on in different parts of the country. It is also beneficial to hear how different Members interact with small businesses in their districts.

As I am sure we all have seen, America's entrepreneurs have had to confront historic challenges over the past few years—the COVID-19, out of control inflation, broken supply chains, high interest rates, and a national labor shortage. But as small business have done countless times before, they endure.

Here on the Committee on Small Business we are working to create an environment where businesses can thrive and survive, and we all know that small business owners dedicate their lives and finances to the products and services they bring to the marketplace. Every extra hour of paperwork is one less hour they can tend to their personal livelihoods; every inflated tax is an extra dollar that

could have gone somewhere else; and every job vacancy is one more a small business owner must cover themselves.

As we listen to the firsthand accounts, we salute the small businesses who continue to fight and give selflessly back to their communities, and we are eager to enact policies and solutions that will help pave a path toward success for both now in the future.

That is why we are looking forward to our conversation today. There is always something we can learn and increasing the dialogue about small businesses between Members and it can only strengthen and broaden our collective experience in how to better serve our nation's biggest job creators.

I want to thank you all for being here with us today. I look forward to today's conversation.

With that, I yield to our distinguished Ranking Member from the great state of New York, Ms. Velázquez.

Ms. VELAZQUEZ. Thank you, Mr. Chairman.

Today is a chance for the Committee to hear directly from our fellow Members of Congress about their priorities for supporting programs and policies that promote small business creation and growth.

Small businesses have experienced unprecedented challenges over the past few years. In 2020, the pandemic closed more small businesses than any other year on record. As the COVID crisis began to ease, many small businesses were then confronted with supply chain problems, staffing shortages, and rising costs.

Despite all of these challenges, small employers have been the driving force behind our economic recovery from the pandemic. This is in part due to the bipartisan efforts of this Committee over the years which helped provide over $1 trillion in relief to small firms during a time of need.

Today we continue to see the fruits of that historic investment. Since President Biden took office, Americans have filed a record 14.6 million applications to start businesses and recorded record job creation rates.

At the same time, unemployment remains near historic lows, and more than 14 million jobs have been created since the start of 2021.

As Members of Congress, it is our responsibility to help build on the progress small businesses have made and supply them with the resources they need to thrive. To do this we must have a keen understanding of the top challenges facing entrepreneurs back home in our district. I know that when we travel back to our districts, we are eager to hear from our local small business owners to understand what policies are working for them and what we can improve on.

For the Members testifying here today, I know that you have been gathering feedback from main street businesses in your district. I look forward to your insights, and I appreciate you taking the time to be a voice for small business constituents today. This Committee's mission is to open the lucrative federal marketplace to entrepreneurs, strengthen capital markets for all small employers, and give small firms the tools they need to take care of their employees and build their companies.

We do so while working together. Our Committee has a long history of bipartisanship because we all agree that small businesses truly are the backbone of our economy. They unify us in our work and hold our communities together. Today we have the chance to engage in an open dialogue on how we can collaborate to support small firms.

Thank you again to all the Members for being here today. I look forward to our discussion.

Thank you. I yield back.

Chairman WILLIAMS. So before we continue I would like to take a moment to explain the rules of civil proceeding. That is like talking to the choir. I get it. But I do want to emphasize one thing about this Committee. We are a bipartisan Committee. We get a lot of things done together and so forth and we are proud of that.

So each Member will be given 5 minutes to deliver their testimony and after they finish speaking we will briefly pause as we change the panel to accommodate the next Member.

With that I would like to introduce our first Member, the Honorable Jill Tokuda from the great state of Hawaii. Representative Tokuda—am I saying that correctly?

Ms. TOKUDA. Tokuda.

Chairman WILLIAMS. Tokuda. I am from Texas remember. Okay. All right.

The representative who represents Hawaii's Second Congressional District, which includes suburban Oahu and the remainder of the Hawaiian Islands, elected November of 2022 to serve in the 118th Congress. The representatives serves on the House Committee on Agriculture, the Committee on Armed Services, and the select Subcommittee on the Corona virus pandemic. So representative, it is nice to have you here. Thank you for taking the time to come see us and I recognize you for 5 minutes.

STATEMENT OF HON. JILL TOKUDA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF HAWAII

Ms. TOKUDA. Thank you, Chairman Williams, Ranking Member Velázquez, and distinguished Members of the House Small Business Committee. Mahalo for the opportunity to testify before you today.

Small businesses are the backbone of our economy in Hawaii. From tour operators to local foods that I know most of you have enjoyed, jewelry and clothing, product manufacturing and service providers, small businesses in Hawaii support their local communities through jobs and investments and have made Hawaii a leading destination for both business and tourism.

I want to thank this Committee for its decisive action during the COVID-19 pandemic. Your work helped to save countless Hawaii small businesses from going under. You saved jobs.

I am testifying before you today to ask for your help once again to respond to a historic crisis on Maui that is impacting our entire state.

I am honored to represent Hawaii's Second Congressional District which spans all eight of our major Hawaiian islands, including the island of Maui which suffered considerable devastation and death from the August 8 fires, the deadliest wildfires in U.S. his-

tory in over a century. In just a single day, the Maui wildfires cause significant physical damage and emotional trauma that will be felt in Lahaina on Maui and throughout our entire state for generations to come.

Lahaina was home to as many as 1,000 businesses, many of them small mom and pop, family owned and operated, many of them microbusinesses with nine employees or less. By some estimates, the catastrophic damage inflicted upon our Maui communities as a result of the fires has caused up to $6 billion in economic losses. According to state agencies, 40 percent of Maui's economy depended on tourism and visitor spending on Maui made up about 1/3 of total visitor spending in our state.

Because of the fires, visitor numbers on Maui are at historic lows. From the latest monthly data, just over 94,000 visitors coming to Maui in September of 2023. That volume represents a more than 57 percent drop from September of 2022.

In addition to the physical damage from the fires, small businesses throughout Hawaii, especially Maui, are facing an economic crisis. In response, the Hawaii Small Business Administration and Small Business Development Centers have acted swiftly to provide resources and support to businesses in need, and I want to commend them for their responsiveness and their unwavering commitment to getting our business back on track.

As of the end of October, the small business administration has served over 7,900 individuals and approved 1,219 disaster assistance loans for almost $200 million; 398 business loans totaling $59 million; and 821 loans for homeowners and renters totaling $140.9 million. While this assistance has been critical in helping residents rebuild and recover from the fires, too many businesses in my district are still, unfortunately, getting left behind from existing federal programs.

Just as you recognize in the midst of the pandemic, supplemental programs are needed to meet the needs that arise from unprecedented disaster. I have heard from countless small business owners still recovering from the economic impact of the pandemic who cannot qualify for SBA assistance because of program capital requirements or could not take on more loans because they had existing debt from pandemic error programs. Over 4,700 EIDL loans totaling roughly $569 million were made to my county during the pandemic.

Understanding the compounding financial impact COVID and the fire have had on our small business, I introduced the Microenterprise Assistance and Urgent Investment for Supporting Trade, Recovery Operations, and Neighborhood Growth, or the MAUI STRONG Act. This bill would help businesses reestablish themselves and provide an economic bridge to recovery by providing grants of up to $20,000 to nonprofits, small businesses with fewer than 25 employees, and independent contractors that expense revenue lost because of the fires. These funds would help cover a variety of expenses that come with rebuilding and restarting a business.

In addition to the need for direct relief, changes to federal contracting laws would go a long way in supporting local businesses recovering from disaster. FEMA and the U.S. Army Corps of Engi-

neers are to be commended for their swift action hiring local 8(a) Native Hawaiian Organizations to perform debris removal, construct a temporary school, and provide cultural oversight of operations in the burn zone and Lahaina. Native Hawaiian small businesses have repeatedly demonstrated their ability to do critical work across federal government and we should take the example of the fires to ensure Native Hawaiian businesses can receive 8(a) direct awards above the competitive threshold from all federal agencies, not just through the Department of Defense.

My bill, H.R. 3830 would do just that, so that Native Hawaiian organizations have parity with Native America and Alaska Native owned businesses.

Chairman Williams, Ranking Member Velázquez, our Small Business Committee Members, small businesses and entrepreneurs in Hawaii are emblematic of the hard working spirit that makes our nation so great. At this time of unprecedented disaster in my home state of Hawaii, Congress must do everything possible to support those who are struggling.

I truly appreciate this opportunity to testify before you today and look forward to working with you to support our State of Hawaii. Mahalo.

Chairman WILLIAMS. Well, thank you very much. And I would just like to say I have been to every state in the union but Hawaii. But just from your testimony we have a thing called the Texas spirit that we talk about all the time. And it sounds like you have got the Hawaii spirit.

Thank you for being here.

Now we will introduce our next Member, The Honorable Ed Case. Ed, thank you for being here from the great state of Hawaii. Is everybody from Hawaii here? Representative Case represents Hawaii's First Congressional District, which covers the urban portion of Oahu. Congressman Case previously represented Hawaii's Second Congressional District from 2002 to 2007 after serving as a state representative from 1994 to 2002. His positions in the legislature included majority leader. Since returning to Congress in 2019, Representative Case has served on the House Committee on Appropriations where he is currently a Member of the Subcommittee on Defense and the Subcommittee on Homeland Security.

Congressman Case, it is nice to have you here. Thank you for being here and I recognize you for 5 minutes.

STATEMENT OF HON. ED CASE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF HAWAII

Mr. CASE. Thank you so much Mr. Chair and Ranking Member. It is great to be back. You missed the most important part which is I was a former Member of this Committee during my—yes, I did. So I have very good memories and have taken many, many lessons from my service on this Committee.

I appreciate the opportunity to talk with you today. Like my colleague, Ms. Tokuda—and by the way, I endorse everything that she just said to you—I am on the bills that she referred to you. I am here to talk to you about Maui today and the specific devastating August 2023 Maui wildfires which had so much impact throughout

our community but were particularly impactful on our small businesses.

They were, as she has testified, one of the worst natural disasters in our country's history with significant death and displacement, burned areas throughout Lahaina in particular but not only Lahaina. And a particularly deep impact on our small businesses.

Small businesses on Maui and businesses throughout Hawaii linked to Maui, have experienced what anybody would call a severe economic disruption following the fires. The State of Hawaii revised its statewide economic growth projections for 2023 and 2024 downward from 1.8 percent to 1.1 percent for 2023 and 2.0 to 1.5 percent in 2024.

Far worst impacts on Maui, clearly just measured by initial unemployment claims as an example, which jumped from an average of 130 cases per week before the wildfire, 865 cases in the first week after to almost 5,000 in the second week after the fire. Unemployment went up to about 8.6-8.8 percent.

This economic consequence of the fires is hitting our Hawaii small businesses hard. Still, they comprise the vast majority of our workforce and are the backbone of our economy. Hawaii is a state where small businesses is truly king. We have some 130,000 small businesses, and the average small business employs just 12 people. So it is a small, small business state. They already were recovering from COVID-19 but they find themselves particularly grappling with the aftermath of these recent wildfires.

The SBA, as Ms. Tokuda has referred to, has responded admirably. They have approved almost 2,000 disaster loans, $243 million of loans, and while this is commendable progress, it is very, very clear that much more needs to be done. And the existing programs are falling short. This is really something that we saw during COVID because when we went into COVID we discovered that the programs of the small business were not exactly adapted to the crisis that we were being faced with and we needed to modify those and we did. And I think that was successful.

And so take that same theory and apply it to the Maui wildfires, which present their own microcosm of small business consequence and the need to actually adjust both our laws and our programs from the small business perspective to specify particular needs that are on Maui.

I am going to, myself, soon be introducing what we refer to as the Heal Maui Act, which is a comprehensive legislative proposal designed to provide swift and meaningful and direct support to our small business and their specific conditions on Maui during these times.

There are several key provisions that directly address these issues. First of all, they seek to augment the existing SBA Economic Injury Disaster EIDL Loan program.

Second, they would establish a new loan program under the 7(a) initiative to directly address the immediate financial challenges many businesses face in the aftermath of the wildfires.

And finally, for those that have already taken out SBA disaster loans post-wildfire, my Heal Maui Act would offer a beacon of hope through loan cancellations where appropriate, recognizing the need to alleviate the weight of debt during these time when the busi-

nesses may not be able to open at all for a number of years. And therefore, we need to find some way to allow them to survive through a very difficult time of recovery.

Again, this is not anything particularly new but what it does do is to take the lessons of our COVID-19 related refinements of the small business programs and continue them forward in another disaster which is every bit the same disaster as COVID-19 but with its own specific conditions that we need to adjust to.

So I commend to you not only the legislation that Ms. Tokuda referred to, and not only the need to assist our small businesses in Maui but in particular as well the Heal Maui Act which I will soon introduce. And I ask for your favorable consideration when that ends up with the Committee.

I appreciate your time. I appreciate your focus. I appreciate your effort. And Mahalo.

Chairman WILLIAMS. What did you just say?

Mr. CASE. Mahalo.

Chairman WILLIAMS. Thank you.

Mr. CASE. That is Texan for thank you.

Chairman WILLIAMS. That is what I thought. That is what I thought I heard. But anyway, thank you for being here, too. And you have got a unique situation. I listened to your testimony. Adjustments, flexible, like we do in business anyway are needed and I think, you know, when you think about it, what your small business owners are going through, it is a real test of capitalism and entrepreneurship to begin to take something and start it all over again. And so we need to do what we can to make sure that happens. Thanks for being here.

Mr. CASE. Thank you very much.

Chairman WILLIAMS. Sure.

I will now introduce our next Member, The Honorable Jen Kiggans, from the great state of Virginia. Representative Kiggans serves Virginia's Second Congressional District, which includes Virginia Beach, the Eastern Shore, and parts of Chesapeake and South Hampton. Representative Kiggans served three sessions in the Virginia State Senate before her election to the House, and prior to elected office, the Congresswoman served as a helicopter pilot in the U.S. Navy and worked as a geriatric nurse practitioner. Thank you for all of that. In the U.S. House, she sits on the Armed Services, Natural Resources, and Veterans Affairs Committee. So Congresswoman, thank you for being here, and you are recognized for 5 minutes.

STATEMENT OF HON. JEN KIGGANS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Ms. KIGGANS. Thank you, Mr. Chair. Thank you for the Committee and for the warm welcome. I appreciate that.

I have the honor of representing Virginia's Second Congressional District, which is home to one of the largest veteran populations in the country. So I appreciate the opportunity to be here today to discuss my Investing in Vets Act.

Small businesses, as we know, are the cornerstone of the American economy. In fact, our country's entrepreneurs employ nearly half of all private sector workers and account for most new jobs cre-

ated since 1995. Veterans who serve our country and are injured in the line of duty face tightened challenges during the already difficult transition from active duty service to civilian life.

According to the Bureau of Labor Statistics, 27 percent of veterans have a service-connected disability. Following their service, many veterans use the invaluable professional and life skills they learned in the military to have successful careers across a wide array of industries.

Starting, owning, and operating a small business, much like serving our country, requires hard work, determination, and sacrifice, which is why it is no surprise than many veterans have successes in these ventures. In fact, some of the most dynamic and successful businesses in my district are veteran owned.

I am also very proud that as of 2017, our Commonwealth boasts nearly 13,000 veteran-owned small businesses. As you know, small businesses face many barriers to success, including competing for government contracts.

My Investing in Vets Act weeks to fix this by increasing the federal contracting goal for service-disabled, veteran-owned small businesses from 3 to 5 percent. My bill will help make small businesses more competitive when trying to secure federal contracting opportunities. Additionally, this bill would require these businesses to be certified by the Small Business Administration rather than the existing self-certification process. This important step will reduce fraud and ensure that the benefits of this program are going to those it intends to help.

This legislation will provide an important economic boost for our veteran-owned small business at a time when rising prices have wreaked havoc on our nation's entrepreneurs.

Once again, thank you to Chairman Williams, Ranking Member Velázquez, and all the Members of the Small Business Committee for giving me the opportunity to testify on my bill today.

Thank you, and I yield back.

Chairman WILLIAMS. Thank you very much. And self-certification is always something that is to be questioned in many cases; right?

Well, thank you for being here, and thank you for your history now and what you have done in the past for our country. Thank you.

All right, last but not least I would like to introduce the last Member appearing before us today, The Honorable Blake Moore from the great state of Utah. Representative Moore represents Utah's First District consisting of communities spread across northern Utah. Before being elected to Congress, Representative Moore was a small business owner himself in the healthcare and financial services industries. He has also had the honor of representing the United States abroad as a foreign services officer. After his election in 2021, he was honored to be selected as the first-ever Utah Republican on the Ways and Means Committee. Representative Moore was also elected to serve as Vice Chair of the House of Republican Conference earlier this month, and he is one of the great centerfielders of all-time in the congressional baseball games.

Mr. MOORE. That is what we were waiting for.

Chairman WILLIAMS. So Congressman Moore, it is good to see you, and you are recognized for 5 minutes.

STATEMENT OF HON. BLAKE MOORE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF UTAH

Mr. MOORE. Thank you, Chairman. Thank you AKA Skipper. Ranking Member, also. My apologies in advance for all of the baseball references that you probably have to endure on this Committee. To all the Members of the Committee, thank you for allowing me the opportunity to testify you on the critical issues of this Committee's jurisdiction.

My remarks are going to be grounded in two major concerns that I have for the future of our nation and that is maintaining and growing a strong middle class and the burden that we are going to have with respect to retirement on our younger generation.

And so in that vein this is what this particular piece of legislation ultimately tries to accomplish. Now, it is important always for me to be thinking about the big picture and any type of legislation that we put forward needs to be concerned with, you know, what are some of our biggest challenges going forward. And again, a strong middle class with respect to alleviating the retirement burden that will exist on our next generation.

With respect to small businesses, the State of Utah is the proud home of over 330,000 small businesses that employ more than 600,000 Utahans across a variety of industries and this work that this Committee does is vital.

I want to speak briefly about a bipartisan and bicameral legislation that I am proud to co-lead. It is H.R. 3383, the Employee Equity Investment Act of 2023. I was joined by Representatives Dean Phillips, Dusty Johnson, and Krissy Houlahan in introducing this vital legislation that will support small business owners who aim to pursue employee-owned arrangements.

The Senate companion was introduced by Senators Marco Rubio and Chris Van Hollen. And according to the most recent Department of Labor data there were nearly 6,500 companies with employee stock ownership plans (ESOPs) in the United States as of 2021, including 59 ESOPs with approximately 22,000 workers in my home state of Utah. So Utah-based ESOPs distributed more than $200 million to employee owners in 2021, bringing greater financial security to these Utah families. Again, strong middle class, allowing for individuals as they pursue their career to have equity ownership is, in my opinion, one of the best ways to continue to grow our middle class along with good pro-growth tax policy that I focus on on Ways and Means.

Going forward, expanding these arrangements would be a good thing for workers and businesses alike. The Employee Equity Investment Act would do just that by leveraging the Small Business Administration's small business investment company to provide loan guarantees for investment funds committee to expanding employee ownership such as through ESOPs or worker cooperatives. These investment funds would provide financing for owners selling a company to their employee. While also helping maintain current employee-owned companies, it would achieve this on a no subsidy basis on behalf of the taxpayer.

Access to the capital necessary for ESOP conversion has been a major barrier to establishing more employee-owned companies. This legislation will provide a meaningful opportunity to expand employee-owned structures, and as I have noted, this will benefit local economies.

Research shows that ESOPs outperform competitors, create higher quality jobs that retain employees at a higher rate, provide greater job security for workers during economic downturns, and improve the retirement security of employee owners. As almost 50 percent of private businesses in the United States are owned by individuals approaching retirement age—again, 50 percent of private businesses in the United States are owned by individuals nearly going to retire, bolstering employee ownership could help prevent businesses from shuttering and keep economic activity in our local communities. In Utah, this so-called "silver tsunami" could affect 25,300 firms representing 280,000 employees and over $50 billion in revenue.

Lastly, we are proud that the Employee Equity Investment Act has the support of over 20 industries and community stakeholders.

I look forward to working with the Members of this Committee to advance this important policy. And again, thank you both again for hosting this today and allowing for me to speak on this critical issue again that will strengthen the middle class and provide security for retirement for younger generations.

Chairman WILLIAMS. Thank you, Congressman, for being here. I think you are right on. Being a business person myself it is always, as businesses get older, who do I pass it on to? And in most cases your employees, they are the best ones you have got in the business. They are your employees. They understand it. So thank you for that vision. I appreciate it very much.

Are there any other Members who would like to be recognized by the Committee?

Seeing no other comments, I would like to conclude by thanking all of you, the witness today, for taking time out of your busy schedule to be here on behalf of small business. Our Committee will keep your ideas at the top of our mind as we continue to address the issues that our nation's small businesses are facing.

Members will have 5 legislative days to submit statements and supporting materials for the record.

Without objection, so ordered.

And I do want to, before we leave, say Happy Birthday to Ben Johnson. If you will all bear with me I am going to sing him Happy Birthday.

This is your birthday song. It does not last too long. Hey! Happy Birthday.

Finally, again, I would like to thank the Ranking Member and her team for making this Committee one of the best there is.

And if there is no further business, this Committee is adjourned.

[Whereupon, at 10:31 a.m., the committee was adjourned.]

APPENDIX

House Small Business Committee
Member Day Hearing
10:00 AM Thursday, November 30, 2023

Chairman Williams, Ranking Member Velazquez, and distinguished members of the House Small Business Committee, mahalo for the opportunity to testify before you today.

Small businesses are the backbone of our economy in Hawai'i. From tour operators to local food, jewelry and clothing, product manufacturers and service providers. Small businesses in Hawai'i support their local communities through jobs and investments and have made Hawai'i a leading destination for business and tourism.

I want to thank this committee for its decisive action during the COVID-19 pandemic. Your work helped to save countless Hawai'i small businesses from going under. I'm testifying before you today to ask for your help once again to respond to a historic crisis on Maui that is impacting the entire state.

I'm honored to represent Hawai'i's Second Congressional District, which spans all eight of Hawai'i's major islands, including the island of Maui, which suffered considerable devastation and death from the August 8th fires– the deadliest wildfires in U.S. history in over a century.

In just a single day, the Maui Wildfires caused significant physical damage and emotional trauma that will be felt in Lahaina, on Maui, and throughout the entire state of Hawai'i for generations to come. Lahaina was home to as many as one thousand businesses, many of them family-owned and operated, many of them micro-businesses with nine employees or less.

By some estimates, the catastrophic damage inflicted upon our Maui communities as a result of the fires has caused up to $6 billion in economic losses. According to state agencies, 40 percent of Maui's economy depended on tourism, and visitor spending on Maui made up about one-third of total visitor spending in the state.

Because of the fires, visitor numbers to Maui are at historic lows. From the latest monthly data, just over 94,000 visitors came to Maui in September 2023. That volume represents a more than 57 percent drop from September 2022. In addition to the physical damage from the fires, small businesses throughout Hawai'i, especially on Maui, are facing an economic crisis.

In response, the Hawai'i Small Business Administration and Small Business Development Centers have acted swiftly to provide resources and support to businesses in need, and I want to commend them for their responsiveness and their unwavering commitment to getting our businesses back on track.

As of the end of October, the Small Business Administration (SBA) has served 7,986 individuals and approved 1,219 disaster assistance loans for almost $200 million, 398 business loans totaling $59 million, and 821 loans for homeowners and renters totaling $140.9 million. While this assistance has been critical in helping residents rebuild and recover from the fires, too many businesses in my district are still, unfortunately getting left behind by existing federal programs.

Just as you recognized in the midst of the pandemic, supplemental programs are needed to meet the needs that arise from unprecedented disasters. I've heard from countless small business owners still recovering from the economic impact of the pandemic who could not qualify for SBA assistance because of program capital requirements or could not take on more loans because they had existing debt from the pandemic-era programs. Over 4,700 EIDL loans totaling roughly $569 million were made to Maui County during the pandemic.

Understanding the compounding financial impact COVID and the fires have had on our small businesses, I introduced the Micro-enterprise Assistance and Urgent Investment for Supporting Trade, Recovery Operations, and Neighborhood Growth or the "MAUI STRONG" Act. This bill would help businesses reestablish themselves and provide an economic bridge to recovery by providing grants of up to $20,000 to nonprofits, small businesses with 25 or fewer employees, and independent contractors that experienced revenue loss because of the Maui fires. These funds would help cover a variety of expenses that come with rebuilding and restarting a business.

In addition to the need for direct relief, changes to federal contracting laws would go a long way to supporting local businesses recovering from disaster. The Federal Emergency Management Agency and U.S. Army Corps of Engineers are to be commended on their swift action, hiring local 8(a) Native Hawaiian Organizations to perform debris removal, construct a temporary school, and provide cultural oversight of operations in the burn zone of Lahaina.

Native Hawaiian small businesses have repeatedly demonstrated their ability to do critical work across the federal government, and we should take the example of the fires to ensure Native Hawaiian businesses can receive 8(a) direct awards above the competitive threshold from all federal agencies, not just through the Department of Defense. My bill, H.R. 3830, would do just this so that Native Hawaiian Organizations have parity with Native American- and Alaska Native-owned businesses.

Chairman Williams and Ranking Member Velazquez, our small businesses and entrepreneurs in Hawai'i are emblematic of the hard-working spirit that makes our nation so great. In this time of unprecedented disaster in my home state of Hawai'i, Congress must do everything possible to support those who are struggling as a result of the fires. I look forward to working with you and this committee to advance these and other important initiatives that will provide critically needed relief to survivors of the Maui Wildfires.

Mahalo.

Chair Williams, Ranking Member Velázquez and members of the Committee,

Good morning and aloha. Thank you for the opportunity to address you today on the devasting August 2023 Maui wildfires, in particular their deep impact on small businesses throughout Hawai'i and the need to adjust federal small business assistance programs to specific conditions.

The Maui wildfires were one of the worst natural disasters in our country's history. The fires caused 100 deaths and displaced thousands of people. They burned over 2,500 acres of land and destroyed over 2,200 structures, including homes, businesses and historic landmarks. They deeply impacted our small business owners and their employees.

Small businesses on Maui, and businesses through the Hawaiian Islands linked to Maui, have experienced a "severe economic disruption" following the fires. The State of Hawai'i revised its statewide economic growth projections for 2023 and 2024 downward, from 1.8 percent to 1.1 percent for 2023 and from 2.0 percent to 1.5 percent for 2024. However, the impacts are far worse on Maui. For example, initial unemployment claims jumped from an average of 130 cases per week before the wildfire to 865 cases in the first week after the fire to 4,449 cases in the second week after the fire. The unemployment rate on Maui eventually rose to 8.6% in September 2023.

This economic burden is hitting Hawaii's small businesses hard. Small businesses comprise the vast majority of our workforce and are the backbone of our economy. Hawai'i is home to over 130,000 small businesses, and the average small business employs just 12 people. Hawaii'small businesses, already burdened with existing loans including COVID-related, find themselves grappling with the aftermath of recent wildfires.

Acknowledging these challenges, as of November 20th, the Small Business Administration (SBA) had approved 1,500 disaster loans for Hawai'i totaling $243 million. While this is commendable progress, it remains clear that more needs to be done and the existing programs are falling short.

To help small businesses in Hawai'i, I will soon introduce the HEAL Maui Act—a comprehensive legislative proposal designed to provide swift, meaningful and direct support to our small businesses during these trying times. It comprises several key provisions to directly address the pressing issues faced by our small business community.

First, the HEAL Maui Act seeks to augment the existing SBA Economic Injury Disaster Loan Program by providing immediate advances on these loans to ensure businesses can maintain operations and keep employees on the payroll. It would also establish a new loan program under the 7(a) initiative to directly address the immediate financial challenges many businesses face in the aftermath of the wildfires, providing a lifeline to those struggling to stay afloat. Finally, for those who have already taken out SBA disaster loans post-wildfire, the HEAL Maui Act offers a beacon of hope through loan cancellations, recognizing the need to alleviate the weight of debt during these unprecedented times when the business may not be able to reopen a storefront in Lahaina for years.

In conclusion, the HEAL Maui Act is not just a legislative proposal; it embodies our commitment to "Maui Strong." This is our local unifying phrase in the face of this crisis. It represents a promise to the people of Maui, a promise that we, as a nation, will stand with them in their darkest hours.

I extend my deepest appreciation for allowing me to engage with you today. I stand ready to collaborate with you, not only for Maui but also the entire country, to ensure that lessons are learned from this crisis and applied to help others avoid the same economic harm following a wildfire.

Mahalo.

Good afternoon.

I appreciate the opportunity to discuss my *Investing in VETS Act*.

Small businesses are the cornerstone of the American economy.

In fact, our country's entrepreneurs employ nearly half of all private sector workers and account for most new jobs created since 1995.

Veterans who serve our country and are injured in the line of duty face heightened challenges during the already difficult transition from active-duty service to civilian life.

According to the Bureau of Labor Statistics, 27% of veterans have a service-connected disability.

Following their service, many veterans use the invaluable professional and life skills they learned in the military to have successful careers across a wide array of industries.

Starting, owning, and operating a small business – much like serving our country – requires hard work, determination, and sacrifice, which is why it's no surprise that many veterans have success in these ventures.

In fact, some of the most dynamic and successful businesses in my district are veteran-owned.

I'm also very proud that - as of 2017 – our Commonwealth boasts nearly 13,000 veteran-owned small businesses.

As you know, small businesses face many barriers to success, including in competing for government contracts.

My *Investing in Vets Act* seeks to fix this.

By increasing the federal contracting goal for Service-Disabled Veteran Owned Small Businesses from three to five percent, my bill will help make small businesses more competitive when trying to secure federal contracting opportunities.

Additionally, this bill would require these businesses to be certified by the Small Business Administration, rather than the existing self-certification process.

This important step will reduce fraud and ensure that the benefits of this programs are going to those it intends to help.

This legislation will provide an important economic boost for our veteran-owned small businesses at a time when rising prices have wreaked havoc on our nation's entrepreneurs.

Once again, thank you to Chairman Williams, Ranking Member Velázquez, and all the members of the Small Business Committee for giving me the opportunity to testify on my bill today.

Thank you, and I yield back.

House Committee on Small Business

Member Day Hearing – November 30, 2023

Testimony of Congressman Blake Moore (UT-01)

Chairman Williams, Ranking Member Velázquez, and Members of the House Committee on Small Business, thank you for the opportunity to testify before you today on the critical issues over which this committee has jurisdiction.

The state of Utah is the proud home of over 330,000 small businesses that employ more than 600,000 Utahns across a variety of industries.

I'm grateful for the work this committee does on behalf of our nation's small businesses.

I'd like to speak briefly about bipartisan and bicameral legislation that I am proud to co-lead – H.R. 3383, the *Employee Equity Investment Act of 2023*.

I was joined by Representatives Dean Phillips, Dusty Johnson, and Chrissy Houlahan in introducing this vital legislation that will support small business owners who aim to pursue employee-owned arrangements.

The Senate companion was introduced by Senators Marco Rubio and Chris Van Hollen.

According to the most recent Department of Labor data, there were nearly 6,500 companies with employee stock ownership plans, or ESOPs, in the U.S. as of 2021, including 59 ESOPs with approximately 22,000 workers in my home state of Utah.

Utah-based ESOPs distributed more than $200 million to employee owners in 2021, bringing greater financial security to these Utah families.

Going forward, expanding these arrangements would be a good thing for workers and businesses alike.

The *Employee Equity Investment Act* would do just that by leveraging the Small Business Administration's Small Business Investment Company to provide loan guarantees for investment funds committed to expanding employee ownership, such as through ESOPs or worker cooperatives.

These investment funds would provide financing for owners selling a company to their employees, while also helping maintain current employee-owned companies – it would achieve this on a no-subsidy basis on behalf of the taxpayer.

Access to the capital necessary for ESOP conversion has been a major barrier to establishing more employee-owned companies.

This legislation would provide a meaningful opportunity to expand employee ownership structures. As I have noted, this will benefit local economies.

Research shows that ESOPs outperform competitors, create higher quality jobs that retain employees at a higher rate, provide greater job security for workers during economic downturns, and improve the retirement security of employee owners.

As almost 50 percent of private businesses in the U.S. are owned by individuals approaching retirement age, bolstering employee ownership could help prevent businesses from shuttering and keep economic activity in our local communities.

In Utah, this so-called "Silver Tsunami" could affect 25,300 firms, representing roughly 280,000 employees and $52.4 billion in revenue.

Lastly, we are proud that the *Employee Equity Investment Act* has the support of over 20 industry and community stakeholders.

I look forward to working with Members of this committee to advance this important policy.

Thank you, again, Chairman Williams and Ranking Member Velázquez for the opportunity to testify today on the critical issues affecting our nation's small businesses.

Rep. Alford Remarks for Member Day on the VA's T4NG2 Contract

Chairman Williams and Ranking Member Velazquez, thank you for the opportunity to speak today on an important issue impacting veteran-owned small businesses across the United States.

One of our duties on this Committee is to make sure we allow the great men and women who served this country to pursue their American Dream and become small business owners. This includes ensuring they can access capital, cutting red tape, and holding federal agencies accountable for their actions. Unfortunately, our own Department of Veterans Affairs (VA) has just failed our nation's veteran small businesses.

The VA recently awarded their 10 year, $60 billion, IT contract named T4NG2. This contract only had 30 awardees. That is 60 billion taxpayer dollars over the next decade going to only 30 companies. Of those 30 companies, only 15 are small businesses. The decision to limit awards to such a small number of companies shuts out many eligible veteran-owned small businesses from competing for this critical IT work over the next decade to help secure our nation. If a small business does not get a slot on one of these large contracts, it can significantly harm their ability to win work, employ workers, and support our communities.

This is in stark contrast to the VA's predecessor contract for IT services, VETS 2. VETS 2 had 70 awardees, and 62 of whom are service-disabled veteran-owned small businesses. When you compare these two contracts, the numbers do not make sense. The T4NG2 contract, valued over 12 times more, has only a quarter of the veteran-owned small businesses on it. This decision by the VA takes opportunities away from our veteran entrepreneurs.

The Small Business Administration (SBA) should be looking into this contract and pushing the VA to give fair opportunity to our nearly 2 million veteran small businesses. It is the responsibility of this Committee to ensure that the small businesses supporting the federal government are given the opportunities they deserve. When our veterans succeed, the nation succeeds. We must do better for our veteran entrepreneurs, and I look forward to working together with SBA on a solution.

Thank you for the opportunity to speak on this very important issue.

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