



**Opening Statement of
The Honorable Sam Graves
Chairman, House Committee on Small Business
Hearing: "Putting Americans Back to Work: The State
of the Small Business Economy"
February 16, 2011**

Thank you all for joining us today as we examine the state of the small business economy. I would like to give special thanks to each of our witnesses as I understand it can be difficult to take time out of your busy schedules and I sincerely appreciate your participation in this hearing. Today we will be listening to testimony on specific tax, regulatory and health care policies that inhibit job creation and economic growth.

Running a small business in prosperous economic times is hard enough. During an economic downturn, entrepreneurs face even more challenges. When meeting Friday's payroll becomes the most pressing concern, it is unlikely that small business owners can dedicate the necessary time and resources to expanding their business or creating jobs. Even though there have been recent signs that our economy is starting to improve, our recovery from the recession remains erratic at best. As we have said many times before, small businesses need certainty to plan for not only the next day, but the next month and the next year.

The National Small Business Association recently released its 2010 Year End Economic Report in which small business owners rank the top issues they believe Congress and the Administration must address. Traditional issues like lowering the tax burden, reigning in health care costs and reducing the regulatory burden still reigned supreme, outpaced only by the demand that Congress and the Administration take steps to reduce the national deficit.

Let's take a moment to talk about one of small business owners' longtime concerns: the sheer magnitude and complexity of the tax code. Entrepreneurs, many of whom have limited resources, are forced to spend their time attempting to comply with their tax obligations instead of growing their business. According to the IRS itself, today's tax code has ballooned to 3.8 million words - that's nearly three times larger than it was in 2001 at "*only*" 1.4 million words.

Small business owners have also long been concerned about the costs involved in providing quality health care coverage for their employees. Over the last ten years, job-based health insurance costs have substantially outpaced inflation and wage increases. The Kaiser Family Foundation reports that the average cost of a family premium for employer-sponsored health insurance increased 114 percent between 2000 and 2010. Only 68 percent of businesses with fewer than 200 employees were able to afford to offer these health care benefits in 2010, and the outlook is even worse for some of the smallest

firms that employ 3 to 9 people - only 59 percent of those firms were able to afford to offer benefits. And since the new health care law passed last year, I have heard from countless small business owners in my district, in Washington, and right here in this Committee room that not only will this new law fail to help them provide health care benefits to their employees, but it could even put them out of business.

As we try to encourage a lasting economic recovery, we must also address the problems that small businesses face due to harmful federal regulations. According to the SBA's Office of Advocacy, the annual cost of federal regulation in the United States increased to more than \$1.75 trillion in 2008. The Office of Advocacy also reports that small businesses face an annual regulatory cost of \$10,585 per employee, which is 36 percent higher than the regulatory cost facing large firms. As more federal regulations are created daily, it has become next to impossible for small business owners to keep track of the associated costs and paperwork.

Reenergizing our economy and rekindling the American spirit of entrepreneurship must be the central focus of the 112th Congress. The small business owners who create the majority of new jobs need a government that will work with them – not against them – to put our nation back on the path to prosperity. My colleagues on the House Small Business Committee and I are listening to your concerns and ready to get to work on putting an end to the devastating uncertainty that has plagued entrepreneurs for far too long. I look forward to today's testimony and again thank all of you for being here.