

MEMBER DAY HEARING: COMMITTEE ON SMALL  
BUSINESS

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HEARING  
BEFORE THE  
COMMITTEE ON SMALL BUSINESS  
UNITED STATES  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED SIXTEENTH CONGRESS  
FIRST SESSION

HEARING HELD  
MAY 15, 2019



Small Business Committee Document Number 116-020  
Available via the GPO Website: [www.govinfo.gov](http://www.govinfo.gov)

U.S. GOVERNMENT PUBLISHING OFFICE  
WASHINGTON : 2019

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## CONTENTS

### OPENING STATEMENTS

Hon. Nydia Velázquez .....	Page 1
Hon. Steve Chabot .....	2

### WITNESSES

Hon. Ed Case, Member of Congress, U.S. House of Representatives, Washington, DC .....	3
Hon. Tony Cardenas, Member of Congress, U.S. House of Representatives, Washington, DC .....	5

### APPENDIX

Prepared Statements:	
Hon. Ed Case, Member of Congress, U.S. House of Representatives, Washington, DC .....	8
Hon. Tony Cardenas, Member of Congress, U.S. House of Representatives, Washington, DC .....	10
Questions for the Record:	
None.	
Answers for the Record:	
None.	
Additional Material for the Record:	
Hon. Gil Cisneros, Member of Congress, U.S. House of Representatives, Washington, DC .....	12
Hon. Andy Levin, Member of Congress, U.S. House of Representatives, Washington, DC .....	14
Hon. Gregorio Kilili Camacho Sablan, U.S. House of Representatives, Washington, DC .....	18



## MEMBER DAY HEARING: COMMITTEE ON SMALL BUSINESS

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WEDNESDAY, MAY 15, 2019

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

The committee met, pursuant to call, at 11:40 a.m., in Room 2360, Rayburn House Office Building. Hon. Nydia Velázquez [chairwoman of the Committee] presiding.

Present: Representatives Velázquez, Kim, Veasey, Delgado, Chabot, Kelly, Hagedorn, and Burchett.

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

I thank everyone for joining us this morning, and I want to, especially, thank my colleagues for joining us today for the House Committee on Small Business Members Day hearing. 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.

Our nation's nearly 30 million small businesses support 56 million jobs and can be found in every sector of the economy and in every congressional district in the country. On this committee, we probably represent parts of America from our northeastern coastal cities to our rural heartland and communities out west. And I know that when we travel back to our districts, we are eager to hear from our local businesses to understand what policies are working for them and what can we improve.

For the members testifying here today, I know that you are also gathering feedback from Main Street businesses in your districts, and I look forward to hearing more throughout this hearing.

On this committee, we oversee a wide range of policies and programs dedicated to supporting American entrepreneurs and small companies. We strive to support the budding entrepreneur by making it easier to access affordable loans and advocate for fair and true tax relief for small business. It is also the mission of this committee to open the lucrative federal marketplace to entrepreneurs, reduce onerous paperwork, and give small companies the tools they need to take care of their employees and build their companies. And we do so while working with our Republican colleagues.

Our committee has a long history of working in a bipartisan manner because at the end of the day we all agree that small businesses truly are the backbone of our economy. They are what unify us in our work and hold together our local communities.

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 members for being with us today. I look forward to our discussion and to working on your ideas to foster an environment that promotes small business entrepreneurship and job creation in communities across this country.

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

Mr. CHABOT. Thank you, Madam Chair. And as we begin, I would just point out that both the current Chair, Ms. Velázquez and I have served on this Committee for over 2 decades now, and we have both served as Chair and we have both served as Ranking Member, but one thing that we do do is work together in a bipartisan manner and that is one of the reasons this is one of the most productive Committees I believe in the House, and we are going to continue to do that. So I thank her for that.

It has been quite some time since we have had a Small Business Committee Day where we have hosted Member Day like this, allowing other Members of Congress to come in and tell us what is working, maybe what is not working in some cases in their communities. It kind of broadens our perspective on what is happening around the country. It gives us a broader, I think, world view of things and what issues they are facing. We kind of have, those of us on the Committee, we sort of have small business on the brain. We think about this all the time and not to the exclusion of everything else because most of us are on other Committees. I happen to be on Judiciary, where we just discussed executive privilege and a whole range of things. Last week, we were finding the Attorney General in contempt, and so we all are on other Committees that do interesting things. And I am also on Foreign Affairs and there is always something happening around the world, but none of that is as important, as far as I am concerned, as the backbone of the American economy. And that is America's small business, about 30 million of those.

So we are here to listen today and to learn, and so I want to thank Representative Case who had the opportunity to serve some years ago, and he had a sabbatical there for a while and now he is back and better than ever. And refreshed. And I kind of had that experience as well, except I lost when I left here. You went out voluntarily and ran somewhere else and then came back. So it is better to do it the way you did it than the way I did it. So, but we welcome you back, and I will yield back, Madam Chair.

Chairwoman VELAZQUEZ. Thank you, Mr. Chabot. And the gentleman yields back.

And if committee members have an opening statement, we will ask that they be submitted for the record.

I also ask unanimous consent that Representative Sablan's statement in support of his bill, H.R. 2603, be submitted for the record.

Without objection, so ordered.

I will begin by introducing Mr. Case, Congressman Case, proudly represents Hawaii's 1st Congressional District. Mr. Case was born and raised in Hilo. His great grandparents on his father's side immigrated to Hawaii in 1896 from Kansas, and his family has lived in many of the state's islands over the generations since. Before

joining Congress, Mr. Case spent 2 decades at the Honolulu law firm of Carlsmith Ball, where he rose to managing partner. Congressman Case serves on the Appropriations Committee, and I am also proud to serve with him on the Natural Resources Committee. Welcome, sir. You are recognized for 5 minutes.

**THE HONORABLE ED CASE, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF HAWAII**

Mr. CASE. Thank you for that very kind introduction from both of you. It is great to be back in Congress, and it is great to be back with this Committee where I spent my own time. I served on this Committee, and it is good to share some thoughts with you again.

I want to share those thoughts on issues of importance to our small business community, both nationally and in my home state of Hawaii. As you may remember from my prior service on the Committee, my focus is not only on keeping small business strong throughout our country but on protecting and expanding on Small Business Administration programs that support some of Nation's underrepresented populations and on insuring a level playing field between small business and large government contractors operating especially in Hawaii, issues that are not uncommon throughout the country.

I want to begin by stressing that small business truly is the key to the success of our economy in Hawaii. According to the SBA, 99 percent of businesses in Hawaii are small business, and a clear majority of employees in Hawaii are employed by small business. These small businesses are the engine of the economy in my home state and thus, as national small business goes, so also does Hawaii business.

Given the rich, ethnic diversity in Hawaii, minority-based programs are particularly important in my home state. Almost 93 percent of small businesses in Hawaii are minority-owned. They depend on and have received great benefit from programs such as the 8(a) Business Development Program and the HUBZone program, which help provide a level playing field for small businesses owned by socially and economically disadvantaged peoples in historically underutilized business zones.

Additionally, the Microloan Technical Assistance Program has been a great help in the development of native Hawaiian businesses, and the Women-owned Small Business Federal Contracting Program provides Federal opportunities to industries where women-owned small businesses are underrepresented. The continuation of these programs is needed to empower some of our Nation's underrepresented populations that are the true drivers of Hawaii's small businesses.

Furthermore, there are many great trade opportunities for Hawaii's small business given its place in the Indo-Pacific region. Hawaii exported \$647 million in goods to 100 countries in 2018 with small businesses generating 64 percent of those total exports. The state's large market in 2018 was South Korea at \$222 million, followed by Singapore, Japan, China, and Taiwan. With the world's fastest growing global markets in the Indo-Pacific, keeping trade open within this region is crucial to Hawaii's economy and our Nation's standing in the region.

The State Trade and Export Promotion Grant Initiative and international trade loans have been vital components in developing Hawaii's small business for trade with these foreign markets, and I urge you to continue this Committee's longstanding support for these programs.

Additionally, the Federal Government, primarily through the Department of Defense, is the largest source of Federal dollars in Hawaii, and it is important to make sure that small local businesses have a fair chance to compete for defense dollars. This is why I introduced legislation in my prior service in Congress which would help to guarantee small business's place in Federal contracting through such means as combatting contracting bundling.

I would appreciate working with your Committee to continue this fight to help ensure that huge corporations do not just vacuum up and win all of the defense contracts, even though small business throughout our country, and Hawaii's small business particularly, are equally, if not better qualified to do the work.

Finally, I want to briefly highlight the importance of the SBA's Contracting Assistance Programs in Hawaii. With 1 in 10 residents of Hawaii being a veteran, the Service-disabled, Veteran-owned Small Business Program has assisted numerous veterans in the state transition from military service to successful business owners. It is critical for this Congress to continue our Government's commitment to our veterans.

In closing, thank you to all of you for your leadership in helping our Nation's small businesses, which I believe is a truly non-partisan, bipartisan effort, and has been on this Committee, and specially for your consideration of the needs of Hawaii's small businesses. Mahalo.

Mr. KIM. Well, thank you so much, Congressman, for coming on in here, and I am just taking the place of the Chairwoman temporarily here, but I appreciate you taking the time. And I just want to echo what the Ranking Member said, just how important it is for us to be able to hear about the different challenges and opportunities that small businesses are facing in every single corner of our country. So I appreciate you taking the time to come on out.

I want to be mindful of your time as well. I know we are all very busy as well, so I just wanted to open it up and see if there were any particular questions for the Congressman while he is here; otherwise, we will take a brief recess until our other witness arrives.

But I just wanted to open it up.

Ranking member, anybody else, if you have any questions for the Congressman?

Mr. CHABOT. We informed our folks we would not ask any questions. We usually do not do that with the members.

Mr. KIM. Sure.

Mr. CHABOT. And I was just thinking, I do not know when Mr. Cárdenas is going to get here but I would have no objection to entering his statement into the record in full and that way we could accommodate him and everybody else here, too.

Mr. KIM. Okay. Well, thank you so much.

We are just going to take a very brief recess, see if our next witness arrives, and then we will proceed.

[Recess]



Mr. KIM. I would like to call the Committee back to order as we have the Congressman here who was first elected to the United States House of Representatives in 2013 for the 113th Congress and has represented California's 29th District ever since. Has been a leading voice representing the San Fernando Valley with a passion and commitment, and serves on the Energy and Commerce Committee. He is also a member of the Congressional Hispanic Caucus.

Welcome to our Committee.

Why do we not just jump right in as we just want to make sure we are mindful of everyone's time? So Congressman, over to you. You are recognized for 5 minutes.

**THE HONORABLE TONY CÁRDENAS, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. CÁRDENAS. Thank you, Mr. Chairman. I appreciate this opportunity.

When I came to Congress, I was not familiar with the fact that when members in that legislative body, it is not the custom and practice up here for members to actually present to the Committee, so I really appreciate this opportunity that this Small Business Committee is allowing and affording us to share because it is really important that we constantly have an opportunity to remind the people that we represent that we represent our districts, we represent our states, but we represent all of America. And one of the things that I would like to point out about small businesses is that I think Americans do not realize how prolific and how important small businesses are to everyday lives across this great Nation. Whether you are in the smallest town in America or you are in the biggest city, I think the numbers bear out that a large percentage of the folks who feed their family are actually working in a small business. And being a representative in the northeast San Fernando Valley where the vast majority of the individuals who live in my district are Hispanic, it is important for me to also point out that one of the fastest growing groups of small businesses in American for the last few years and going forward appear to be the Hispanic small businesses, both women and men-owned businesses.

Myself, over 22 years ago, I fed my family, completely on commission of owning my own business, and it was something that I was very, very proud of. And I take that with me in every office that I have actually represented over the last 22 years. My ability to realize that I was responsible for the front end of a paystub. That I was responsible for making sure that when people walk through those doors of my business, I had to try very hard that I made good decisions for everybody, not just for my family but for the dozens of families that depended on my business staying open every time they got up and went to work and made sure that door was unlocked and available for them to feed their family. And that is what is going on across America.

A few things that I would like to point out that are important not only to me and my community but I think important to all Americans, especially small businesses, is that the Federal Government has a tremendous role to play when it comes to access to capital. I remember owning my business that when I had access to

capital and I had a great idea and I was able to expand my business, it was having access to capital that allowed me to move forward at the rate and speed that I knew I could and should in order to grow my business responsibility. And I remember those times when I had to wait for the capital or keep going from one bank to another to another to another to get that small business loan to expand my business. What happened, ladies and gentlemen, is that that did not afford me to hire more people because every time I expanded my business, along with that meant that more families got to feed themselves because I hired one of their family members to work for me. And it is really important that we realize that the Federal Government in the greatest Nation on earth has a tremendous responsibility to responsibly allow small businesses access to capital. And that might mean a small business loan of maybe \$5,000 or \$10,000 or what have you, that I can guarantee you will eventually mean that that same business that got a small business loan for less than \$25,000, some day is going to end up looking to get a loan to maybe buy the building that they have been occupying for many years. Or to maybe even expand and buy the building next door so they could actually double their ability to produce. And those are the kinds of things that I think that are important not only to us as legislators but it is important to every single community that needs to make sure that businesses are not thwarted, businesses do not slow down, that that progress that people work very hard to make continues at a pace that is organic and natural to that business and to that community.

So in a nutshell, to me, when I think of small businesses, I think of jobs. When I think of small businesses, I think of that business owner who knows the name not only of their workers but actually knows the name of the children of those workers. Actually knows and comes in and says, hey, how is your mom, how was her surgery last week, et cetera. Those are the kinds of relationships that small businesses create that maybe some larger businesses are lucky and fortunate to have that kind of relationship with the people that they depend on every single day. But I think that is at the core of what makes small businesses wonderful, great, and such an organic, important part of every corner of America.

So what I am here to remind all of us is we are fortunate to be in the United States Congress. We are fortunate to have the responsibility of making policy. But let us not ever forget that every single day there are men and women in small businesses that are working 50, 60, 70, 100 hours a week to make sure that they keep those doors open, and that means that the families that work there and the community they serve are actually benefitting from that.

So thank you very much for this opportunity.

Mr. KIM. Thank you very much, Congressman, for your passionate words there. I can really hear in your voice just the commitment that you have to your constituents and the small businesses there, and it really hits on that connection of just community, you know, the community that many small business owners, employees, and others are forming. And that is why they have become the backbone and continue to be the backbone of our society and our communities as well.

I just want to pause here before we conclude.

Would any other member of the Committee like to be recognized at this moment?

If there are no other comments, I would like to conclude this hearing by once again thanking my colleagues for being here today. I can hear the passion and the enthusiasm in your voice when you talk about the ways to strengthen our Nation's small businesses. Many of the issues that you have raised and others have raised about affordable capital and providing these opportunities, they are the work that we here in this Committee in the 116th Congress are dedicated to be able to do, working together across the aisle to give voice to small businesses and make sure they are not being left behind in any policy initiatives or in infrastructure or tax policies.

I encourage you to work with our staff here, our colleagues, on the legislation that we are talking about and we are trying to figure out how to address to move forward to address the issues that you are doing and we are going to do everything we can to work in a nonpartisan way to be able to achieve those.

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

Without objection, so ordered.

If there is no further business to come before the Committee, we are adjourned. Thank you.

[Whereupon, at 12:03 p.m., the committee was adjourned.]

## APPENDIX

“Member Day Hearing: Committee on Small Business”  
 Testimony of Congressman Ed Case  
 May 15, 2019

Chairwoman Velázquez, Ranking Member Chabot and members of the Small Business Committee,

Thank you for allowing me to share my thoughts with the Committee on issues important to our small business committee both nationally and in my home state of Hawai‘i. As you may remember from my prior service on this Committee, my focus is not only on keeping small business strong throughout our country, but on protecting and expanding Small Business Administration (SBA) programs that support some of our nation’s under-represented populations and on ensuring a level playing field between small businesses and large government contractors operating in Hawai‘i.

I want to begin by stressing that small businesses are key to the success of Hawaii’s economy. According to the SBA, 99% of businesses in Hawai‘i are small businesses, and a majority of employees in Hawai‘i are employed by small businesses. These small businesses are the engine of the economy in my home state, and thus as national small business goes so also does Hawaii business.

Given the rich ethnic diversity in Hawai‘i, minority-based programs are particularly important to Hawai‘i. Almost 93% of small businesses in Hawai‘i are minority-owned. They depend on and have received great benefit from programs such as the 8(a) Business Development program and the HUBZone program, which help provide a level playing field for small businesses owned by socially and economically disadvantaged people and historically underutilized business zones. Additionally, the Microloan Technical Assistance Program has been a great help in the development of Native Hawaiian businesses, and the Women-Owned Small Business Federal Contracting program provides federal opportunities to industries where women-owned small businesses are underrepresented. The continuation of these programs is needed to empower some of our nation’s under-represented populations that are the true drivers of Hawaii’s small businesses.

Furthermore, there are many great trade opportunities for Hawai‘i businesses given its place in the Indo-Pacific. Hawai‘i exported \$647 million in goods to 100 countries in 2018, with small businesses generating 64% of those total exports. The state’s largest market in 2018 was South Korea (\$222 million), followed by Singapore (\$106 million), Japan (\$72 million), China (\$36 million) and Taiwan (\$21 million). With the world’s fastest growing global markets in the Indo-Pacific, keeping trade open within this region crucial to Hawaii’s economy and our nation’s standing in the region. The State Trade and Export Promotion Grant Initiative and International Trade Loans have been vital components in developing Hawai‘i small businesses for trade with these foreign markets. I urge you to continue to support these programs.

Additionally, the Department of Defense is the largest source of federal dollars in Hawai‘i. It’s important to make sure that small, local businesses have a fair chance to compete for Defense dollars. This why I introduced the Small Business Federal Contractor Safeguard Act during my

prior service in Congress, which combated contracting bundling. I would appreciate working with your committee to continue the fight to help ensure huge corporations cannot not simply swoop in and win Defense contracts, even though Hawaii's small businesses are equally if not better qualified do the work.

Finally, I want to briefly highlight the importance of the SBA's Contracting Assistance Programs in Hawai'i. With 1 in 10 residents of Hawai'i being a veteran, the Service-Disabled Veteran-Owned Small Businesses program has assisted numerous veterans in the state transition from military service to successful business owners. It is critical for this Congress to continue our government's commitment to our veterans.

In closing, thank you for your leadership in helping our nation's small businesses and for your consideration of the needs of Hawaii's small businesses.

**Testimony****Rep. Tony Cárdenas**

As a previous small business owner and Engineer, I understand the important role small businesses have in every community. During my 22 years as an elected official, and my time here in Congress, I have dedicated my career to ensuring that small businesses are equipped with skilled workers and are provided with incentives to help them grow, while also addressing the unnecessary regulations that slow down small businesses and their opportunity to prosper. Last week, and with the support of over 50 of my colleagues, I led House Resolution 360 to honor the vital role of small business and the passion of entrepreneurs in the United States.

Improving success among women and minority-owned small businesses in the United States is a major priority. According to a study by the U.S. Hispanic Chamber of Commerce, about 4.4 million Latino-owned small businesses in the U.S. contribute more than \$700 billion to the economy annually, \$700 Billion. The report highlights Latino-owned companies which have grown 31.6 percent since 2012, more than double the growth rate of all businesses across America.

The U.S. Small Business Administration released its [report](#) in August 2018 noting that in 2012, there were 9.9 million women-owned firms, and 2.5 million firms owned equally by men and women. This means that 12.3 million firms, or 45 percent of all classified firms, were at least 50 percent women-owned.

Additionally, California small businesses employ half or 7 million of the state's private workforce in 2018 and created over 280,000 net new jobs in 2015. The biggest gain was in firms employing fewer than 20 employees.

The achievements of Latino and women-owned small businesses are impressive when you consider it is often difficult for them to gain access to capital. Yet they are making progress.

My district in California, the San Fernando Valley, is home to an array of small businesses, including aerospace, Hollywood Studio Soundstages and backlots, and engineering to name a few. I've had the opportunity to visit and tour dozens of manufacturing companies in the San Fernando Valley and throughout the Los Angeles region. Through the Small Business and Manufacturing Roundtables I've held in my district, and the guidance from my Manufacturing Advisory Board, I've had the opportunity to hear first-hand from the business owners in and around my district. I was proud to be a part of the group that led Southern California representatives in helping create access to a pool of \$1.3 billion in federal development assistance for the region through the federal Investing in Manufacturing Communities Partnership.

This session, I encourage the Committee's consideration to bridge the skill gap between the available workforce and employers by investing in funding programs that will encourage the development of computer science career education programs that meet the market needs of employers and better integrate secondary and post-secondary education. Furthermore, I ask the Committee to consider legislation that promotes reforms in workforce education and skills training for American Manufacturing jobs, as well as, promotes innovation and entrepreneurship of Latino and Women-owned businesses which continue to be a positive and powerful driving force in our country's economy. Lastly, I urge the

Committee to invest in targeted initiatives that develop and expand networks that can help women and minority business owners access needed resources such as financial capital, skill development training and mentorship programs which have a critical role in improving the economic performance of women and minority entrepreneurs.

Thank you.



**GIL CISNEROS**  
 Representing **CALIFORNIA'S 39<sup>th</sup>** District

**MEMBER DAY TESTIMONY BEFORE THE  
 HOUSE COMMITTEE ON SMALL BUSINESS**

*May 15, 2019*

Chairwoman Velazquez, Ranking Member Chabot, and members of the House Committee on Small Business, thank you for allowing me this opportunity to provide testimony on the issues affecting small businesses in my district. Small businesses are incredibly important to my district and the State of California, as nearly half of all employees in the state work for a small business. I hope the information I share today will help inform your work as you examine policies to support small businesses nationwide.

The Small Business Administration (SBA) runs several programs that have been incredibly helpful for small businesses in the 39<sup>th</sup> district. I urge you to build on the successes of these programs and closely examine policies that will make them more accessible to small business owners.

For instance, my district is lucky to have a Small Business Development Center (SBDC) at California State University, Fullerton (CSUF), which provides free and low-cost assistance to small business owners and aspiring entrepreneurs. The CSUF SBDC has been highly effective at helping individuals in my district expand and start new businesses, driving economic growth and job creation in our region. I urge you to support policies that enhance and build upon SBDC's documented success nationwide.

Additionally, the SBA 7(a) loan guaranty program has benefitted over 1500 small businesses in California's 39th Congressional District alone since 2010. One such recipient, Bravo Roofing, a family owned business for over 25 years in my district, recently benefitted from an SBA loan for a municipal contract while paying a living wage to those who worked on it. However, they found the application process for this loan to be complicated and time-consuming, costing hours in labor. I urge you to examine policies to provide more hands-on support to family-owned businesses to ensure accessing assistance is not overly burdensome. Whether it's workshops or a direct representative assisting with the application process, providing more information to small businesses like Bravo's will open up more opportunities to access capital and grow our local economy.

I urge you to examine and advance policies to support capital access to women and minority small business owners. Women business owners still face greater obstacles in obtaining financing for their businesses than similarly situated men do, with one study showing that women business owners get nearly 50 percent less in funding than their male counterparts.



Similarly, minority business owners are more likely to report unmet credit needs, with the Minority Business Development Agency finding that minority-owned firms had denial rates three times higher than non-minority businesses. In addition, a report by the SBA Office of Advocacy found that roughly 30 percent of minority entrepreneurs felt discouraged from applying for a loan, compared to 16 percent of non-minority entrepreneurs. Building on existing programs and examining new policies to add incentives for providing capital to women and minority owned small businesses will help close these gaps.

For example, Women Business Centers have been a critical resource partner of the SBA to help women entrepreneurs start and grow their businesses. However, the maximum grant amount available from SBA to these centers has remained at \$150,000 a year for 31 years in a row. Raising the cap on individual center grants could help advance women small businesses nationwide. Moreover, language barriers can exacerbate already complex processes and regulatory frameworks that many cannot understand without outside support. Supporting organizations that provide direct counseling in culturally competent and diverse languages can ensure that no individual is denied the opportunity to contribute to our economy.

I encourage you to examine and advance policies to accelerate payments to small businesses that do work for the federal government. I have heard from many small businesses in my district who struggle with the complexities of the federal government bidding process and receiving payment for their work in a timely manner. Not only does this harm small businesses struggling to make payments to employees or subcontractors, constant delays can discourage quality small businesses from competing for federal work. Mitigating cash flow concerns will encourage small business participation in the federal marketplace, in turn driving competition and decreasing prices for the federal government.

I urge you to closely examine the impact of tariffs on small businesses, and I strongly support Rep. Velazquez's expressed commitment to provide oversight on the President's escalating trade war. Small businesses play an important role internationally as they make up a steady 97 percent of all U.S. exporters, according to a 2015 report by the SBA. Several small businesses in my district, from the defense industry to the medical device industry, have reached out to me to share stories of how the President's trade policies and escalating tariffs are increasing prices for themselves and their consumers. This particularly includes the vast number of Asian American owned businesses in my district. The ongoing uncertainty and threats of new tariffs creates an atmosphere of unpredictability and uncertainty that can inhibit growth and ingenuity.

Finally, I would be remiss if I did not take this opportunity to thank Chairwoman Velazquez for her steadfast support and dedication to ensuring Puerto Rico fully recovers from the devastation of Hurricane Maria. I applaud the Chairwoman for successfully securing an amendment in the Fiscal Year 2019 National Defense Authorization Act to create economic opportunity in Puerto Rico. This provision incentivizes federal agencies to award work to Puerto Rican businesses by allowing agencies to receive additional credit toward meeting contracting goals for awarding a prime contract to a Puerto Rican business. I stand ready to support the Chairwoman in any additional initiatives necessary to support ongoing recovery efforts in Puerto Rico.

Thank you again for your time and consideration. I hope you will keep these stories in mind as you craft policies to assist small businesses nationwide in the 116<sup>th</sup> Congress.

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HEMISPHERE, CIVILIAN SECURITY AND  
TRADE

**Congressman Andy Levin**

**Testimony for the Record: Members' Day Hearing of the House Committee  
on Small Business**

**May 15, 2019**

Chairwoman Velázquez and Ranking Member Chabot: thank you for the opportunity to provide testimony on behalf of Michigan's Ninth Congressional District as you craft legislation to strengthen our nation's small businesses.

I would like to call attention to the critical role small businesses will play in moving our country towards a clean energy future. Specifically, I will highlight three issues where there are natural synergies between the expansion of small businesses and the development of clean energy technologies and environmentally-friendly policies: workforce development, zero-net energy buildings, and electric vehicle (EV) charging infrastructure.

**Workforce Development**

As the United States creates and uses cleaner forms of energy, we must develop a workforce that can meet new and evolving job demands within the clean energy industry.

In 2018, the energy efficiency sector produced more than 76,000 new jobs—more than any other energy sector.<sup>1</sup> The types of jobs created varied tremendously. For example, almost 21,000 jobs were construction trades, while 35,000 were professional services.<sup>2</sup> Most of this growth has occurred within the small business community: most of the 1.9 million energy efficiency workers

<sup>1</sup> National Association of State Energy Officials; Energy Futures Initiative. (2019). *The 2019 U.S. Energy & Employment Report*. <https://www.usenergyjobs.org/2019-report>

<sup>2</sup> Ibid.

in the U.S. work for small businesses with five employees or less, and about 70 percent work for companies with 10 employees or less.<sup>3</sup>

With this tremendous growth comes the need to develop a skilled workforce that can help small businesses thrive. Employers in the energy efficiency sector have reported difficulty finding qualified workers to fill open positions: in 2015, about three-quarters of employers said hiring was either “very” or “somewhat” difficult.<sup>4</sup> According to employers, these difficulties were primarily due to applicants’ insufficient experience, training, or technical skills.<sup>5</sup>

By investing in workforce development, Congress can help move our country even closer to the clean energy future and ensure that the small businesses that power the clean energy industry have the skilled workforce they need to succeed. These investments would be a win-win for small businesses, the economy, and our environment alike.

### **Zero-net energy buildings**

In its 2015 Quadrennial Technology Review, the U.S. Department of Energy found that the buildings sector accounts for about 76 percent of electricity use and 40 percent of all U.S. primary energy use and associated greenhouse gas emissions.<sup>6</sup> The report also found that the implementation of the best available energy efficiency technologies in the nation’s current building stock would reduce commercial energy consumption by 46 percent.<sup>7</sup>

Inefficiency in our buildings has key implications for small businesses, which spend an estimated \$60 billion per year on energy costs.<sup>8</sup> Energy Star finds that strategic efficiency investments by small businesses can cut utility costs by 10 to 30 percent without sacrificing service or quality.<sup>9</sup> Simply put: more energy-efficient buildings will mean more savings for our nation’s small businesses.

As a former clean energy entrepreneur, I have seen first-hand the potential to address our climate crisis through solutions that produce more efficient commercial buildings while also spurring cost

<sup>3</sup> Environmental Entrepreneurs (E2), E4TheFuture (2016). *Energy Efficiency Jobs in America: A Comprehensive Analysis of Energy Efficiency Employment Across All 50 States* <https://e4thefuture.org/1-9-million-energy-efficiency-jobs-in-u-s/>

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> U.S. Department of Energy. (2015). An assessment of energy technologies and research opportunities. Quadrennial Technology Review. <https://www.energy.gov/sites/prod/files/2017/03/134/qtr-2015-chapter5.pdf>

<sup>7</sup> Ibid.

<sup>8</sup> Energy Star, U.S. Environmental Protection Agency (EPA). *Small Businesses: An Overview of Energy Use and Energy Efficiency Opportunities*. <https://www.energy.gov/sites/default/files/buildings/tools/SPP%20Sales%20Flyer%20for%20Small%20Business.pdf>

<sup>9</sup> Ibid.

savings and job growth. I believe we must move much faster with respect to the efficiency of both current and new building infrastructure, which is why I support requiring that all new buildings, including small businesses, be zero-net energy—i.e., new buildings should produce as much energy as they consume. To achieve this rapidly, we must increase our investments in grant programs that establish or expand financing for small business energy efficiency projects. Such investments will help us reduce our carbon footprint, create jobs, and yield savings for America's small businesses.

### **EV charging infrastructure**

Placing more EV charging stations at commercial locations across the United States is not just a smart investment in the health of our environment: it is an investment in small businesses.

As our nation's transportation sector has become increasingly responsible for overall greenhouse gas emissions, plug-in EVs—which have 54 percent lower lifetime carbon pollution than conventional vehicles—can help us reduce emissions and move us closer to climate sustainability.<sup>10,11</sup> Demand for EV chargers is only expected to grow in the coming decade: EV charging needs will rise from 6 billion kWh in 2020 to 53 billion kWh in 2030, and the number of chargers needed is estimated to rise from 2 million in 2020 to 13 million in 2030.<sup>12</sup>

I believe we need to lead the world in protecting our environment, and that must include improving EV consumer experiences so that we may end our dependence on conventional vehicles. “Range anxiety,” charge times, and charging costs currently preclude the paradigm shift necessary for a sustainable automotive future. To encourage our country's needed shift to EVs, I plan to introduce a bill establishing a network of EV charging stations at small businesses and other locations along the National Highway System.

A network of EV chargers like the one I have proposed would be a boon for America's small businesses. According to the EV charging infrastructure company ChargePoint, the installation of EV charging stations increases customer “dwell-time” at businesses significantly.<sup>13</sup> By investing in EV charging infrastructure, we can afford small businesses the competitive edge they need to attract customers.

<sup>10</sup> U.S. Environmental Protection Agency (EPA). (2016). *Inventory of US Greenhouse Gas Emissions and Sinks*. [https://www.epa.gov/sites/production/files/2018-01/documents/2018\\_complete\\_report.pdf](https://www.epa.gov/sites/production/files/2018-01/documents/2018_complete_report.pdf)

<sup>11</sup> NRDC. (2015). *Electric Vehicles Can Dramatically Reduce Carbon Pollution from Transportation and Improve Air Quality*. <https://www.nrdc.org/experts/tuke-tonachell/study-electric-vehicles-can-dramatically-reduce-carbon-pollution>

<sup>12</sup> Ibid.

<sup>13</sup> ChargePoint. (2015). *Leading Retailer Partners with ChargePoint to Attract and Retain Loyal Customers*. <https://www.chargepoint.com/files/case-studies/cs-retail.pdf>

As the Committee considers legislation to strengthen our nation's small businesses, I respectfully request that you bear in mind their critical role in moving our country towards a clean energy future that fosters sustainability for our communities and our environment. By investing in workforce development, energy-efficient buildings, and EV charging infrastructure, we simultaneously invest in the success of our nation's small businesses. These investments will ensure the small business community has the workforce, resources, and technologies to stay competitive as our country evolves to lead the world in tackling our climate crisis. With the help of small businesses, America can be at the forefront in developing and adapting the technology and infrastructure needed to meet the challenges of the 21<sup>st</sup> century.

Again, I thank you for your consideration. I look forward to working with you.

**STATEMENT OF  
REPRESENTATIVE GREGORIO KILILI CAMACHO SABLAN  
BEFORE THE  
HOUSE COMMITTEE ON SMALL BUSINESS**

**MAY 15, 2019**

Chairwoman Velázquez, Ranking Member Chabot, and members of the committee, thank you for the opportunity to provide testimony in support of my bill, H.R. 2603, the Northern Mariana Islands Small Business Act, which would ensure small businesses in my district have access to the Small Business Administration's (SBA) Small Business Development Center (SBDC) Lead Center grant program, the Federal and State Technology (FAST) partnership grant program and the Microloan program. The Marianas are the only U.S. jurisdiction not included in these programs, which help small businesses access the knowledge and capital necessary succeed and compete for federal contracting opportunities.

Last fall, our islands were struck by two catastrophic natural disasters. Typhoon Mangkhut and Super Typhoon Yutu, the second most powerful storm ever in United States history, caused widespread destruction of homes, businesses, schools and infrastructure. Under presidential disaster declarations, the SBA set up temporary disaster recovery centers on Saipan, Tinian, and Rota to assist small businesses apply for loans and other funds to cover damages resulting from the storms.

We are grateful for the SBA's assistance during these disasters. However, all SBA disaster outreach centers in the Marianas are now closed and our economy is projected to take years to fully recover. The SBA estimates there are over 1,700 small businesses in the Marianas which employ over 18,000 people. These businesses and employees do not have access to the full range of SBA programs to help them fully recover. My bill would correct that by ensuring access on the same basis as their counterparts across the nation, many of whom are also recovering from natural disasters.

Under my bill, the Marianas can apply to establish a Lead SBDC, which would make available around \$600,000 in renewable funding to expand the reach and capacity of the existing SBDC service center on Saipan. With additional funding, small businesses on Saipan, Tinian and Rota will have better access to free or low-cost services such as incubator workspaces for entrepreneurs, assistance with loan applications, business planning, operations, personnel administration, marketing, export assistance, sales and other areas required for small business growth and success.

The bill would benefit aspiring entrepreneurs and small businesses owners in the Marianas who are not able to access conventional loans at commercial banks. This legislation would provide them access to the SBA's Microloan program which provides loans up to \$50,000 typically not offered by banks for working capital or the acquisition of materials, supplies, or equipment. In addition, the SBA microloan program, which is designed to assist women, low-income, veteran, and minority entrepreneurs, provides marketing, management, and technical assistance to borrowers.

The Northern Mariana Islands Small Business Act would also help our small businesses participate in federal research and development opportunities. The bill includes the Marianas in the SBA's FAST partnership program which funds outreach and technical assistance to small businesses interested in competing for the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. The SBIR and STTR programs have funded the development of new sources of renewable energy and low-cost technology to reduce greenhouse gas emissions.

I urge the members of the Small Business Committee to support this legislation and help give the aspiring entrepreneurs and small businesses from the Marianas access to the full range of federal resources needed to help our economy recover from disaster and make their dreams of small business ownership a reality.

