

How Small Businesses Are Supporting America's Energy Renaissance
U.S. Senate Committee on Small Business & Entrepreneurship
Field Hearing
Lake Charles, LA
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Testimony of Joey Jarreau
Southside Machine Works, Inc.

Good Afternoon, my name is Joey Jarreau. On behalf of my business partners and the employees of Southside Machine Works, I would like to thank Senator Vitter and the Senate Committee on Small Business and Entrepreneurship for inviting me to speak before the committee today.

Southside Machine Works, Inc. was established by our founder, Ken Guillory, in 1977. The company consisted of the owner and one other employee. The machine shop was opened with the idea of supporting the oil field and petrochemical industry in the lake area. As the industries in the lake area expanded so did Southside Machine. In 1984 a full service fabrication shop was added to our existing facility. Today, our company which began as a two man show now employees 73 full time workers.

Over 50% of our workforce has been with us over 5 years with 40% having been employed more than 10 years. Many of our employees started with us as their first job and have grown into career machinists or welders. Last year alone, we were able to add 13 full time positions. All of these employees receive an attractive salary and benefits package including health insurance with 100% of the premiums paid by our company.

One of our greatest difficulties has been trying to find enough of these young people interested in learning and developing a trade. For some time, schools have seemed to focus more on college preparation instead of job skills training. We have started to see some signs this trend may be reversing as more and more college graduates struggle to find work.

Another area of concern as a small business has been the constant uncertainty of the tax code. In a business our size it is difficult to plan asset acquisition when tax laws are frequently left to expire only to be readdressed after the end of a calendar year. The Section 179 deduction has been a significant benefit to our company as we have continually reinvested in an attempt to grow our organization. Our ability to plan ahead is hindered by these uncertainties.

We are appreciative of programs like the Domestic Production Activities Deduction that allows some tax relief for manufacturing done in the United States. There are also state incentive programs that recognize the importance of manufacturing in overall economic development. While thankful for programs such as these, given the option we would forego these special treatment items in favor of a lower and more simplified tax structure for all businesses.

We are strong believers that regulation is important to the safety of our facilities, the health of our environment and the overall good of our society; however, government regulation often

seems slow, constantly changing and difficult to decipher. It is as if many of these regulations are generated in a vacuum by people that do not have to live under the regulations and therefore do not always have the ability to foresee the unintended consequences of their efforts.

We are proud members of the SW Louisiana business community. We take great pride in the service we provide to our industry partners and our ability to transition with the marketplace. From our early days of oilfield services, to our work with energy producing companies to the latest endeavors into the Liquefied Natural Gas arena, we have believed in order to succeed and grow our company we must evolve. As the energy industry continues to change we believe it is small businesses like ours that can adapt that ultimately walk side by side with the large energy producing companies in an effort to bring America to greater energy independence.