

Hearing: Senate Committee on Small Business and Entrepreneurship Testimony
Date: March 30, 2015
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INTRODUCTION:

Good morning. Thank you to Chairman Vitter, and the members of the Senate Committee on Small Business and Entrepreneurship for inviting me to testify today on how the hidden cost of federal regulations impact small businesses and economic growth.

My name is John Overton. I am an owner and the CFO of Turn Key Solutions, a company in our 16th year, headquartered in Baton Rouge, serving the I.T. infrastructure, security and business continuity needs of two primary vertical markets: Healthcare and Small Business. Though we have a large footprint, we are truly a small business, with 12 employees. I also come from a family of small business owners; my father was one of the last private practice pediatricians in Hammond Louisiana.

I am pleased to be here representing not only my company, but also as a member of LABI, where I chair the Small Business Council, the NFIB where I serve as chairman of the Louisiana Leadership Council, and as a member of the SBAC. I have also twice served as chairman of the Baton Rouge Area Chamber's SBC, and am a current BRAC board member.

TESTIMONY:

NFIB responded to the infamous "You didn't build that!" affront to small business owners across the Nation in numerous ways, including sending members a whimsical but supportive bumper sticker that said "I built my business!"

This administration takes credit for a lot of good things that countless small business owners make happen by pouring our hearts and souls into what we do; but the reality is that the administration fails to take credit for the negative impact of mounting regulations--regulations that we must overcome just to stay in business, let alone aspire to grow.

Perhaps the administration needs their own bumper sticker, "We killed your business!" That is the reality. The cost of complying with the regulations both in terms of money and time is crippling.

My father recently closed his clinic due to the impossibility of a small private practice keeping up with ever-growing federal regulations while trying to serve patients. His colleagues regularly tried to talk him into following them to go work for large groups, but in his heart he was an entrepreneur to the end.

Also ominous is the effect of regulations on aspiring entrepreneurs—people with a dream, a team, a business plan, but . . . when they realize the prohibitive regulatory environment in which they would have to operate, their dream dies before it gets a chance to come to life. Another bumper sticker this administration needs on their limos is "We aborted your business!"

According to David Burton, a Senior Fellow in Economic Policy at the Heritage Foundation, Business exits now exceed new business formations.

Here are some concrete examples of crippling regulations:

- Section 179: How can a small business plan capital expenditures—investing in the growth of their company (if they're lucky enough to access capital) when the IRS Section 179 limits on deducting capital expenses were finally renewed just weeks before the end of the calendar

year?! That puts small business owners waiting until the last minute to make major purchases and makes planning for capital expenditures almost impossible.

➤ Obamacare:

- For many small businesses, providing healthcare benefits to our staff remains a top 5 expense, often right behind salaries! Our rates are more than double than what they were before the President took office—and not only that, but our co-pays and deductibles are 2-3x higher! And our rates will continue going up because we're subsidizing this failing plan called the ACA.
- No, I'm not paying my employees twice as much, so where does an employee come up with the additional 8-12k more a year to cover their family? Where does the small business owner like me—who covers 80% of his employee's portion of medical, dental, vision make up that increased overhead? Can I put that on the back of my clients and still remain competitive with big national firms? If I want to keep my employees, I have to provide competitive coverage.
- Maybe Mr. Gruber can tell me how a company of I.T. Professionals can say to his technicians, "Hey, good news! We don't have to provide healthcare coverage now because we're under the FTE equivalency number. You can now go put all your most personal, private information into one of the least secure websites on the planet and sign up for coverage at healthcare.gov!" That's a tough sell to anyone who is concerned about data security, let alone a team of experts.
- We cannot measure our win by how far we turn back the clock. Small Business owners don't just want Obamacare repealed, we simply want to provide our staff with quality healthcare coverage that is affordable. Obamacare went the opposite direction. It simply will not be enough to repeal it. It must be replaced with something that works and is affordable!

There are other things that vex small business owners (like most of what the NLRB does), but these two examples are pretty simple. Uncertainty hurts. Obamacare hurts. These things put good businesses out of business and kill the dreams of aspiring small business owners.

Again, thank you to Chairman Vitter and Committee members for this opportunity to speak with you today. I am happy to address any questions you have for me.