

Testimony

Diana Beebe

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Good Morning Chairman Vitter and distinguished members of the committee. My name is Diana Beebe, and I along with my husband, Dustin, own an engineering and technology company headquartered in Baton Rouge, Louisiana. ProSys specializes in providing alarm management, operator interface, and advanced control solutions to the process industry. As a small, growing company, we are proud to employ a team of engineers, developers, and supporting staff who partner with our customers to provide a safer work environment in refineries and chemical plants around the world. In addition to our office in Baton Rouge, we have offices in Houston and Cologne, Germany.

As a growing company we must keep our eye on maintaining our competitive edge. This means not allowing our time to be consumed by tasks that do not provide value. In many small businesses, including our own, the business owner wears many hats. The more time the business owner spends on taxes, the less time spent on hiring quality employees, innovating new products, or providing high quality service to our customers. The smaller the business the more onerous each tax hour is. Many small businesses make bad decisions trying to minimize their tax burden. For many small businesses, accounting is simply reduced to tax accounting. Good business behavior of understanding your true cost of delivering your goods and services to the marketplace is replaced by business decisions for tax purposes. We spend too many accounting hours on tax credits and compliance and too few accounting hours on producing financial and budget statements, analyzing income and costs, and helping the business make wise financial decisions that will continue to build a strong, stable company.

Mr. Chairman, your recently introduced Small Business Tax Compliance Relief Act offers numerous common sense compliance solutions that businesses have been requesting for years and are steps in the right direction. Increasing the cash accounting threshold from \$5 million to \$10 million will move out a looming deadline and allow us to have the staff in place to handle the burdens of transitioning to accrual accounting. It is tough for a small business owner to understand having to pay tax on money that they did not earn. Another provision in the bill addresses limits on the amounts that can be deducted for certain types of expenditures. Certain of these amounts are so small that it renders them ineffective and basically reverses the original intent. It makes sense to adjust these amounts and index them to inflation to be in line with their original intent.

A complex tax code with frequent changes is a threat for small businesses that are trying to produce value for their customers, employees, and business owners. Large complex legislation provides uncertainty, and benefit large corporations that have the resources to analyze the impact these legislation have to their market sectors and businesses. This is why many small businesses see Big Government and Big Business going hand in hand.

I am encouraged that there are provisions in the Small Business Tax Compliance Relief Act that will remedy the "gotcha" mentality that, correctly or incorrectly, many small businesses believe to be pervasive within the IRS. Including the IRS under the umbrella of the Office of Advocacy to better enforce the Regulatory Flexibility Act and the Small Business Regulatory Enhancement Flexibility Act and requiring IRS to convene SBREFA panels that include small business representations are good steps in making sure that rules and regulations issued are sensible and reflective of the small business reality. Small businesses welcome further efforts from IRS to layout tax provisions in layman terms to minimize the burden and cost of compliance.

We would have not made it to where we are today without great employees. We have quite a few employees that have been loyal for a number of years through good times and bad. One of the ways we stand by them is providing a benefit package. We have always offered a full benefit plan including: healthcare, 401k, short-term and long-term disability, group term life, and dental. Like many small businesses, we have been locked in to our grandfathered plan for some time. We are fearful that we could experience a cost increase due to ACA that would put us at a disadvantage to large self-insured corporations. The financial resources that we anticipate we will set aside to further grow our business will have to be held back to be sure we can continue to offer excellent benefits to employees. Further, self-employed business owners, unlike other businesses, cannot fully deduct the cost of own health insurance as ordinary business expense, and therefore increase payroll tax burden.

In conclusion, as a small business owner, I am encouraged that members of Congress listen to the people and are working toward simple, fair tax code.

I appreciate the opportunity to speak to you today, and I will be glad to answer any questions you might have.