

Written Statement
Of
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For the Record of the
May 4, 2015
Field Hearing of
The United States Senate Committee on Small Business and
Entrepreneurship

“Reducing the Federal Tax Burden for America’s Small Businesses”

SMALL BUSINESS ISSUES

Thank you Senator Vitter for taking time to understand the issues of Small Businesses today. I have owned and operated my own restaurant for over sixteen years. There are many issues or hurdles that all small businesses face every day but here are a few that warrant discussion.

First there is the effect that the Farm Bill Subsidy on Corn for ethanol has had on food prices. The subsidies have taken a major food item that all cows need for feed and helped to drive up prices fourfold in the past five years. Every item from the cow such as steak, cheese, and sour cream have reached record levels and driven up food cost considerably. When I began in business, it was normal to have ten percent profit margins on all food items. Most are lucky to operate with two percent profit margin today. Although gas prices have dropped recently, most businesses that deliver to us are still charging delivery fees to recoup expenses.

The second topic for discussion is the Earned Tax Tip credit that all restaurants comply with. The burden of tip reporting was removed from servers and moved to the restaurant owners. Not a problem but all tips for servers are put on their weekly checks. I pay payroll taxes on these wages. In return, the IRS gives us a credit on all excess wages over 40 hours calculated at minimum wage of \$7.25. Although most servers make \$2.15 an hour, I am paying extra payroll taxes on the remaining \$5.10 with no return. For instance, I average a weekly payroll of \$4200 and my weekly 941 is close to \$2000. The earned tip credit covers my federal bill completely but there is an excess paid into the system with no recoup.

The third issue is the Affordable Care Act effect on business. Although I am under the fifty employee limit, my twenty plus vendors are not. Their cost of doing business has risen and literally every item that comes through my doors has seen an increase in the past year. My own Blue Cross plan of me and two other full time employees with dependents is \$2500 per month. This same plan was \$1100 in 2010,

Thank you again for taking time to listen to the issues facing all small businesses today