



Testimony of  
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U.S. House of Representatives Committee on Small Business  
Subcommittee on Economic Growth, Tax, and Capital Access

Title of Hearing: How Regulations Stifle Small Business Growth

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North Hall Conference Center, Room 150  
700 N. Greenwood Ave. Tulsa, OK, 74106

Chairman Kim, Ranking Member Hern, and Members of the Subcommittee, thank you for the opportunity to join you today.

My name is Elizabeth Osburn and I am the senior vice president of government affairs for the Tulsa Regional Chamber. The Tulsa Regional Chamber is a membership organization for businesses with a focus on growing jobs, talent, and economic prosperity in northeast Oklahoma. We have more than 2,100 members from across the region, representing a number of diverse industries.

Small businesses are an integral part of the Tulsa Chamber. Eighty-five percent of our total membership—or 1,800 members—are small businesses of 50 employees or less. They range from small manufacturers to sole proprietor consulting firms and entrepreneurs. Our “Small Business Connection” engages with these businesses constantly, offering year-round programs and resources. In October, we will host our annual “Small Business Summit” which attracts 500 attendees for a day-long event.

In my role as the head of government affairs, I oversee the Tulsa Chamber’s process for creating a legislative agenda of state and federal policy priorities each year. This process, referred to as the

“OneVoice Regional Legislative Agenda,” brings together hundreds of our members from across all of northeastern Oklahoma to discuss the policies that impact their businesses. By engaging small businesses extensively in this process, we have gained a tremendous amount of insight into the federal regulations that impact their growth and prosperity. I would like to share some of their feedback with you today.

The concerns voiced by our small businesses seem to fall into a few main categories: 1) reporting and compliance burdens under the Affordable Care Act, 2) consistency or clarification needed across federal agencies, and 3) negative unintended consequences of a regulation when put into practice. I will briefly describe these general concerns below.

#### Reporting and Compliance Burdens

We continue to hear from our small businesses that reporting requirements under the Affordable Care Act remain burdensome. Our members have supported efforts to reduce small- and mid-size employers’ cost of providing health care, suggesting steps such as reforming the Health Insurance Tax, easing reporting requirements, and revisiting the definition of a full-time employee. Related to health care, many of our entrepreneurs, start-ups and single-employee businesses are hindered by the rule prohibiting their participation in Association Health Plan (AHP) health insurance plans. They believe this rule discourages the growth of new businesses and participation in AHP should be available for single-employee companies.

#### Consistency and Clarification Needs

A common concern from our small business members is the need for consistency across federal agencies. Our members have requested that the language used across federal agencies be updated, clarified, and made consistent to distinguish between the classification of a worker as an Independent Contractor (Form 1099) versus an Employee (W-2). This would allow the distinction to be applied equitably within industries, as well as allow small businesses to understand and properly classify their workforce. Our small businesses also report that rulings and interpretations in previous years by the Department of Labor and National Labor Relations Board targeting overtime pay, independent contractors and joint employment status have reduced their hiring capacities. We increasingly hear that these rulings have disproportionately harmed the hospitality industry and the nonprofit sector, and increased legal liabilities. Many small employers have based their companies on business-models such

as franchises and the legitimate use of independent contractors, and they are hurt when constantly changing regulations make it difficult to interpret—and stay in compliance with—the law.

#### Negative Unintended Consequences

We often hear stories of burdensome unintended consequences of federal regulations, and I would like to share one particular example with you today. Andolini's Pizzeria is a popular local restaurant. Owner and operator Mike Bausch has expanded Andolini's over the past several years, opening new locations. Andolini's recently came up with the idea to expand into a new venture—to provide take-home-and-bake pizzas to sell in regional grocery chain, Reasor's. In attempting this, Andolini's was forced to wade through a myriad of complex, even seemingly conflicting federal regulations from the U.S. Department of Agriculture and the U.S. Food and Drug Administration to move their product into grocery stores. Andolini's was not using any raw ingredients with their take-and-bake pizza. Nevertheless, when a piece of fully cooked, ready-to-eat, USDA inspected pepperoni is applied to the pizza, a process statement on the origin of the flour, cheese, water, etc., must be supplied. By law, Andolini's must have a trained inspector be present while the pizza is being produced. If Andolini's wishes to produce take-and-bake pizzas during the course of a weekend—aside from normal Monday through Friday business hours—they must pay an inspector \$30 an hour to be on site during production. The cost of this requirement has caused Andolini's to virtually abandon its new venture.

In closing, these are very general summaries of concerns described by our small business members. I am happy to answer specific questions and I thank the Subcommittee for its time.