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Madam Chair Velazquez, Ranking Member Chabot, and esteemed members of the Committee,

Thank you for the opportunity to speak to you today.

On September 11, 2001, I was working at a nation chain rental location in Duluth MN. I remember clearly where I was standing when I heard a radio in a vehicle tell about what happened that day. The next day was my day off and I was planning on traveling around MN looking at rental franchises to open my own rental store. That evening, we went to church and prayed with the rest of the country that everything would be ok and that we would continue on as normal as we could. So with that, I left at 6 am September 12, 2001 to meet with 5 other rental store owners and begin my journey into the small business world.

On February 01, 2002, I opened London Road Rental Center. My wife and I borrowed all we could against our house and put our life savings at risk to follow my dream. As the sole employee and a very tiny inventory, one that I spread around the store in an attempt to make it look just a touch bigger, it was a very nerve-racking but exciting time. In March, I hired my first employee and began to learn how complicated taxes and regulations were. I did not expect it would be so hard to get workers compensation and figure out how to do deductions, all while operating the actual functionality of a business. In June, we hired our second employee and that brought even more complications. I just wanted to rent things and help people.

The first year did way better than our business plan, but my wife kept her job to provide for our own benefits. We didn't want to take any unnecessary funds from the business in order to allow it to grow as quickly as possible.

Well that is how we started. We continued to put all the money back in the business for a couple of years. Eventually, my wife came to work for us too. We have not taken much money from the business over the years, choosing to instead to grow the business. Since we started the business, the tax laws have change dramatically. Specifically, the 179 and the bonus depreciation have allowed us to invest in our business aggressively.

We currently have 10 full time employees, including my wife and I, and we employ about 20 seasonal personal. Our business volume has grown to \$\$\$\$\$. Our inventory value is \$\$\$\$.

Most rental store owners buy iron and manufactured equipment, which is good for our economy. When I buy excavators, trucks, tents and many things of that nature, it creates a lot of manufacturing jobs. It multiplies my business over and over.

It has not been easy with the constant change in laws and rules, both from the state and federal level. An example of how messed up things are – the salaried employee issue we had a couple of years ago. The federal government said we could not have our managers on salary for under so many dollars a year and set a dead line. We put everyone back on an hourly wage, but then they changed the rule, costing me thousands of dollars.

Another example is the giant cost of health care – the Affordable Healthcare Act took health care away from most of my employees. We used to have a \$1000 deductible and the employees could afford that. Now the cost has over doubled, and the deductible is \$6000. They do not have \$6000 to cover their deductible, and while we offer a health savings plan, they do not use it.

Employees are a challenge – finding them, teaching them. With the education system telling everyone that they need a degree to get a job, no one wants to do equipment cleaning, maintenance or other entry level jobs, many of which are offered at my store. Additionally, the college system is set up so people cannot have part time jobs, continuing to prevent them from learning real life skills and gaining meaningful work experience. It feels like no one even mows their lawn anymore. You hand a kid a screw driver and he does not know which end to hold.

I have lived the American dream. My wife and I have worked hard and been wise with our money. We try hard to stay educated on the tax laws and regulations that we need to follow as business owners, but we collect 14 different sales taxes for our area alone! I have been to Capitol Hill many times to lobby for tax laws, such as making 179 permanent. I am happy to report that the Tax Cuts and Jobs Act saved me \$7200 last year with the 20% pass thru deduction that we were able to use. Most of that money, I am sure, will go back into my business.

We do have to spend a lot of time and money to keep up with the taxes and regulations. The complexity of running a business is challenging in a great way, but the complexity of the tax codes are a huge burden. It would be great if a businesses and entrepreneurs were more aware of any government programs that were available to them to learn about what they need to get started and properly comply with all the regulations and taxes – one spot to learn what they need to.

The Department of Transportation, that is a mouthful. The rules that I must follow are a major burden on my business. We have two businesses about eight miles apart in two states. With one in Minnesota and one in Wisconsin, all my drivers must be 21 since they cross state lines. The inspections of the trucks, the training and record keeping is huge expense and time consumer. We use pickup trucks with trailers and must follow the same rules as the tractor trailer trucks. Additionally, I have a vision issue that has been stable my whole life. I have driven a few million miles over the years, yet I continue to need to prove my vision has not changed every few months. Then, on top of it, DOT will not allow me to use my eye doctor who has seen me for years. These are just a few examples from yet another agency that make it extremely difficult to own a small business.

In my time as a business owner, I think I have heard there are over 137 federal agencies making “rules” for us to follow. Then you have congress, the courts – we need to simplify this complicated system and stop any non-elected board or agency from passing any rule or law. We elected you to make the decisions, not bureaucrats. If it doesn’t have enough support for congress to pass it, it shouldn’t be a rule or law.

Thank you

Jerry Kortesmaki

Duluth MN

Owner of London Road Rental Center.

A list of some of the government agencies that we must deal with

ANSI OSHA

DOT IRS

DOL SBA

EPA FDA

SEC FTC

FCC CPSC

EEO NHTSA

MNDOT

NLRB MNDNR