



Good afternoon, Chairman Chabot and Congressman Kelly. Thank you for the opportunity to testify at this field hearing today and discuss issues facing small businesses like mine in Mississippi's First Congressional District. My name is Jason Bailey, owner/operator of Summit Management Services, LLC. I started my business in 2007, Bailey Management Company, LLC; focused on Homeowner Association Management. My first office was a broom closet in a property I managed. In 2009 we merged three management companies and formed Summit Management Services, LLC. Today my business partner Sammie Knight and I are the sole owners/operators of Summit. We are now working with city departments to gain final approval to build our own building to operate from.

When we began we had 4 employees including owners, through the efforts of many, we have grown our five fold since that first day, and currently we average 18 employees both full and part time. In 2017, I was given the honor by Mississippi Business Journal to be named Top 50 under 40 Business Person of the Year; however, I did not achieve this alone.

Today we are very excited about the future for our company. The past 9 years have had its challenges, The Affordable Care Act has certainly had an impact on our business and our employees. Under the law we do not have to provide healthcare to our employees due to the size of our company, but we value them greatly and felt Health Insurance was a key ingredient to our retention. When we first started we were able to provide 100% company paid insurance benefit to our full-time employees. At that time Health Insurance was the 7th largest expense on our ledger, today it is our 2nd largest, behind number one, Payroll. Because of the impact on our profitability in recent years we were forced to have the employees pay 20% and the company 80% of the cost. This takes money out of their pocket and restricts growth.

As small business owners, we have not realized the benefits of the new tax cuts. Our employees are able to take home more pay, and we are grateful for that; however, I feel more can be done. One of the new tax reform changes is the removing of the tax credit for Entertaining clients. Our business often times requires lunch meetings, since our client base works also, and those funds come of our and our staff's pockets and already squeezed for our profits today due to expense like health care.

As we continue to grow one of our many challenges is when to invest in another full-time employee. As you can imagine being in the service business as we are, people are critical, but due to some of these government initiatives, we have to hold back from hiring and stretch our people further, and as you know there is a breaking point with personnel, and we don't want to reach that. Often times we make plans to grow to other markets and purchase other companies, but without any benefit for growth makes it hard to do so and the ROI is just too far down the road.

One of the positive things we have seen in the past 6 months is the new Opportunity Zone. This will have a positive impact on rural Mississippi as we will see investors flock to our area to realize the tax benefits and invest in our communities. One wish I have is the opportunity to benefit from this program across all small businesses. For example, we are going to be an owner operator of our building and because we are outside of the Opportunity Zone, we don't benefit and our depreciation for our building will be 39 years vs just down the street is an investor, often times from another state and renting to local business, will benefit in 10 years and can sell and reinvest. We invest in our market each and every day. I would like to see something like this for entrepreneurs like us that are owner operators and not be geographically challenged. Think about it, we are investing in the market and not just here to build, rent and sell and cash out, we don't want to cash out, it is our home and we want to be in business for a long time. Think of a landscaping company that invests in a new shop to help with the operations of their business. A doctor that chooses to invest in an office in a rural area. A property management company that will own and occupy a building in the community they are a key part of. I believe there is something that can be done.

I was excited to see the rolling back of some of the regulations of Dodd Frank. When a banker could not invest in someone they know from church, kids school, sports programs and just being a part of the community, because regulations placed on the banks, it became a weighted anchor on the growth of the economy in rural America. When I was starting out I was lucky to have a bank that knew my potential and invested in my future. If I started 5 years later during the Dodd Frank regulations, I would not have been able to realize some of the opportunities I have. I look forward to seeing the regulations rolled back.

In closing I want to thank you again for the opportunity to speak with you today.

Sincerely

Jason Bailey