

Chairwomen Velazquez, Ranking Member Luetkemeyer, and members of the committee, I am honored for the opportunity to testify before the committee today on "how our business was established, how the pandemic has affected our business and changes small businesses are currently facing.

I am Jan Haviland, owner and president of Haviland Corporation in Linn, Missouri, a small rural town of about 1,500 people and home of State Technical College, one of the top 3 Technical Colleges in the United States.

I am chairperson of the Missouri Leadership Council for NFIB (National Federation of Independent Businesses), Industrial Representative for the Meramec Regional Planning Commission, and on the Board of Directors of the Missouri Chamber of Commerce.

Haviland Corporation is a 75-year-old business, started in 1946 by Warren and Van Haviland. Warren Haviland served in World War II and the Korean Conflict and was a Combat Disabled veteran recognized in both with a Purple Heart and Bronze Star. Van Haviland was the majority shareholder since the inception of Haviland Corporation until my daughter, Alice Andrews, and I purchased the business in 2014, thus making Haviland Corporation a women owned business for all 75 years.

Van's father was a Sanitary Supply Distributor in St. Louis, Missouri for many years. When Warren returned from WW II he worked for his father-in-law, Mr. Charles Bushart and found enjoyment within the industry. Warren talked with Mr. Bushart about the needs the Sanitary Supply Industry had, that were not being met. The conclusion was the industry needed quality Floor Squeegees. So Haviland Corporation began in February of 1946 in the garage of the Haviland Household. During the next 75 years other products were added to the line-up of Haviland products, such as window squeegees, squeegee blades for automatic floor scrubbers, tools and blades for asphalt application, and squeegees for the building and roofing trades.

In 1974 Haviland Corporation, having outgrown its 3-story location in St. Louis, moved to Linn, Missouri, in Osage County, where the Haviland and Bushart families had been vacationing since 1914. There a 120 X 60 ft. factory was built in the "new" Linn Industrial Park. As our business grew two new additions were added, one in the 1980s and one in the 1990s. Our staff has been consistent for many years, retiring our first employee at our Linn location with 46 years of service.

As business practices changed, over the years, we had to contend with the changes that were brought about with increased products being imported from China. We did some purchasing of supply parts from China but reduced those purchases around 2009 because quality decreased and we wanted to continue being a "Made in the USA" product, as we are today.

I was named President of Haviland Corporation in 2010 and my daughter was named Executive Vice President. She has been handling many of our day-to-day decision as

she prepares to become the "3rd Generation" to run Haviland Corporation. Supply lead times have become a huge problem as we need to make sure we have the materials to get our products out the door in a timely manner. We have seen an increase in our lead times go from 3-5 days to 4-6 week, or more, caused by the lengthening of time to get supplies and an increased volume in orders.

When the Pandemic arrived in March of 2020, we saw a drop in business for several months but were helped with PPP funds to get us through the next 6 months of 2020. We also provided our county with 50 Personal Protective Equipment (PPE) washable gowns for the health department.

Since January of 2021 we have experienced cost increases from all suppliers, including corrugated boxes, steel, steel finishes, rubber, freight, plastic parts, bolts, nuts and other parts necessary for completing our products and getting it out to our customers. This in turn is causing an upturn in the prices we must charge our customers. We usually have between a 2-5 percent increase every two years, but this year, being the year to increase prices, we are looking at a price increase of between 10-12 percent. As I look at the tax increase the federal government is proposing for "C" Corporations, this would wipe out about 2/3 of our price increase. In running a business, it is essential to have money to cover cost increases, repair and/or replace equipment, do building repairs and to provide all full-time employees with full health insurance, and wage increases for full- and part-time employees, hoping they will not be wiped out by inflation.

With prices increasing on supplies, some 3 to 4 different times, since the beginning of 2021, wage increases, insurance increases, and repair and equipment price increases, what would be remaining from our product price increase would be very little, to cover the costs of doing business. As a small C-Corporation, with worldwide distribution, and approximately 15-20 employees, depending on the time of year, we could price ourselves out of the market because of having to pay higher taxes to the federal government. The choice of either pricing ourselves out of the market or covering the costs of doing business because of higher taxes will put Haviland in a nearly impossible situation.

At the time Haviland Corporation was established in 1946, there was a choice of being a "C" Corporation, which provided liability protection, but gave us two layers of federal tax at the corporation and individual levels or choosing a partnership or sole proprietorship, which would be a single layer of taxation at the individual level but sacrificed the umbrella of liability protection. Many small businesses established before 1958, when the "S" Corporation option became available, are still in existence today. By treating all sizes of "C" Corporation the same, with the current proposed tax increase, this would jeopardize the small business "C" Corporations by taking a disproportionate share of profits; dollars needed to help their businesses grow, as I

mentioned earlier. Because "C" Corporations provide liability protection, small businesses like ours are reluctant to change over to another type of business model.

As I stated we are a small business of around 15-20 employees. We provide health insurance for employees and their families, a pension plan, stock ownership and profit-sharing plans and college tuition donations for our employee's children, as well as other benefits. We proudly manufacture in the United States and Haviland Corporation believes in Americans helping Americans, this has been a company mission since our inception with Warren and Van Haviland. It is about providing jobs that pay for little league uniforms or piano lessons, paying taxes to improve roadways and providing insurance to our staff to relieve some of the stress that comes with illness. It is important we work with one another and by manufacturing in the United State of America, we can do that. Now we need your help to ensure this ability to own, operate and grow the small business continues.