

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515-6515

MEMORANDUM

TO: Members of the Committee on Small Business

FROM: Committee Majority Staff

DATE: July 20, 2023

RE: Full Committee Hearing Titled: “Rural Entrepreneurship: Examining the Challenges and State of Rural Small Businesses”

On **July 26, 2023, at 10:00am ET** the Committee on Small Business will hold a hearing titled “**Rural Entrepreneurship: Examining the Challenges and State of Rural Small Businesses.**” The meeting will convene in room 2360 of the Rayburn House Office Building. The purpose of this hearing is to examine the challenges rural entrepreneurs are facing, and how the federal government’s policies are harming small business owners rather than helping them.

I. Witnesses

- **Ms. Jennifer Cassaday**, Owner, Byrd’s Pecan Delights
- **Mr. Kendell Culp**, Vice President, Indiana Farm Bureau
- **Mr. Matt Splitter**, Owner, Splitter Farms
- **Mr. Josh Phillips**, Owner, Spawn Fly Fish

II. Background

In recent years, inflation, taxes, regulatory burdens, and workforce challenges have hit rural small business owners particularly hard.¹ These challenges have led to half of small business owners doubting that business conditions will improve.²

On November 15, 1990, President George H.W. Bush signed the Small Business Administration (SBA) Reauthorization and Amendments Act of 1990.³ This law established SBA’s Office of

¹ William Dunkelberg & Holly Wade, *Small Business Economic Trend*, NAT’L FED’N OF INDEP. BUS., 3 (Apr. 2023).

² *Small Business Owners Express Great Concern for Future Business Conditions*, NAT’L FED’N OF INDEP. BUS., (Jun. 13, 2023).

³ Small Business Administration Reauthorization and Amendments Act of 1990, Pub. L. No. 101-574, § 302 Stat. 2815 (1990).

Rural Affairs to “strive to achieve an equitable distribution of the financial assistance available from the administration for small business concerns located in rural areas.”⁴ Unfortunately, the SBA failed to staff the office until President Donald J. Trump appointed a Director in January 2020, nearly 30 years after it was established.⁵

In April 2017 the SBA and U.S. Department of Agriculture (USDA) signed a five year long Memorandum of Understanding (MOU) to improve coordination between the agencies in rural areas.⁶ This agreement sought to bring more capital, both public and private, to rural communities. The MOU also encouraged the agencies to identify opportunities to educate rural entrepreneurs on the benefits of the Tax Cuts and Jobs Act, such as those in Opportunity Zones. Though this agreement expired in May, it may still be renewed.

State and local governments, along with the private sector, have been providing resources to help small business owners using localized resources rather than a one-size fits all approach. States like Texas have been providing resources to small business owners, such as Skills for Small Business and the Skills Development Fund.⁷ Federal legislation, like the 2023 Farm Bill, can also bring needed resources to rural and farming communities. In a joint statement, the Republican and Democrat leaders of both the House and Senate Agriculture Committees said that the 2023 Farm Bill “is a jobs bill, a safety net for farmers and consumers and an investment in our rural communities.”⁸

III. Conclusion

Small businesses play an important role in rural communities, providing 42 percent of all jobs in rural America. We must ensure that the federal government is helping their growth, and not hindering it. This hearing will examine the challenges that rural entrepreneurs currently face, the local and private resources being offered to help them, and the role government should play in assisting their pursuit of the American Dream.

⁴ *Id* at 3.

⁵ Steve Collins, *Three decades late, Small Business Administration eyes help for rural Maine*, SUN J. (Jan. 2020).

⁶ Press Release, U.S. Dept. of Agriculture, USDA and SBA Join Forces to Help Businesses in Rural America (Apr. 4, 2018).

⁷ Gov. Greg Abbott, *Apprenticeships empower employers to fill critical skills gaps*, RIO GRANDE GUARDIAN (Sept. 20, 2022).

⁸ Press Release, H. Comm. on Ag., *Four Corners Issue Joint Statement on Farm Bill White House Meeting* (May 11, 2023).