

01/01/2026

Re: Impact of Tariffs on Small Businesses

To the Members of the House Committee on Small Business,

My name is Orleatha Smith, and I am the co-founder and CEO of Sip Herbals, a woman-led consumer packaged goods company producing caffeine-free coffee alternatives. We manufacture in the United States, employ U.S. workers, and source specialty ingredients that are essential to our product formulation and safety standards.

Over the past year, tariffs on imported ingredients have had a direct and damaging impact on our business. Several of our core botanical ingredients are not produced domestically at scale, and tariff-driven cost increases made them temporarily unaffordable. As a result, we were forced to slow production, delay restocks, and pause growth initiatives we had already funded and planned for.

These production slowdowns led to a 25% loss in sales during the affected period. For a small business operating with tight margins, this was not a theoretical impact. It meant missed revenue, disrupted customer relationships, and delayed hiring and investment. We were not cutting corners or outsourcing jobs. We were simply unable to absorb sudden cost increases without risking the long-term health of the company.

Small businesses like ours do not have the leverage, cash reserves, or pricing power to quickly adjust to abrupt tariff changes. While we support policies that strengthen U.S. manufacturing, the reality is that many small businesses rely on global supply chains for ingredients and materials that are not readily available domestically. When tariffs are implemented without adequate transition support or exemptions for small businesses, the burden falls disproportionately on founders who are already operating close to the margin.

Sip Herbals has achieved nearly \$1 million in lifetime revenue and serves thousands of customers nationwide, including individuals who are pregnant, caffeine-sensitive, or managing health conditions. We are exactly the type of company federal small business programs are designed to support, yet tariff impacts have limited our ability to grow, innovate, and compete.

I appreciate the Committee's attention to the real-world effects of trade policy on small businesses. I urge policymakers to consider small business exemptions, phased implementation, or targeted relief measures so that companies like ours are not forced to choose between affordability, growth, and survival.

Thank you for the opportunity to submit this statement for the record.

Respectfully,

Orleatha Smith
Co-Founder & CEO
Sip Herbals