

Good morning, my name is Mike Miller. I am the owner of Patrick's Neighborhood Bar and Patio in Memphis. I am single unit restaurant owner with roughly 50 employees. I have owned my current business for over 21 years and have had several other restaurants in my career. I am also the current Chair of the TN Leadership Council for the National Federation of Independent Business and have served as president of our local restaurant association for 8 of the last 16 years. I appreciate the opportunity to share my experiences today and I hope my testimony encourages you to further your efforts, continuing to cut burdensome taxes and regulations.

In my 42 years of restaurant experience, one of the significant deficiencies in our industry is lack of planning and saving by our hourly employees. Many restaurant employees are young people that view themselves as 10 foot tall and bulletproof. They may be working toward whatever their next step in life is but have little regard for anything beyond tomorrow, let alone saving for retirement.

Having grown up in this business, working in essentially every hourly and management position before becoming a restaurant owner, I understand this problem firsthand. In my early years of ownership, I looked for opportunities to encourage retirement savings, but the expense was more than I could bear. In 2018, when the Small Business Tax Deduction (199a) was first implemented, I finally saw the opportunity to invest in my people that I had been looking for. I took the opportunity to investigate 401K plans and found an opportunity to set up a savings plan for my employees. The tax deduction covered most of my expenses to implement a 401k benefit for my employees and maintain the program. I currently receive roughly \$31,000 in tax benefit from the Small Business Tax Deduction and spend just short of \$40,000 to fund and maintain a 4% match 401k program. I have been to Washington numerous times and the one message I always try to relay is that the best thing government can do, besides getting out of the way, is to provide certainty. With passage of the One Big Beautiful Bill making this deduction permanent, I now have the certainty that I need to perpetuate this program for the betterment of my staff and the health of my

business. Offering a 401k benefit as a “mom & pop” operator is a rarity in the restaurant industry. It adds a benefit that separates me from other competitors in recruiting, hiring and retention. Thank you for this opportunity to reinvest in my business and my staff.

No Tax on Tips has been another significant benefit for me and my industry. Even though I don't see any direct benefit myself, the positive feedback I have received regarding tax savings seen by my staff has been gratifying. This provision took a bit of education on our part to ensure that our tipped employees understood how they needed to file and what they could deduct. From those conversations I've heard from numerous staff members that they happily took the deduction of up to \$25,000 from their taxable tip income. I asked my accountant to do some basic analysis of the potential impact of this on my staff. At any given time, I have roughly thirty tipped employees. Based on 2025 income from tips, and if everyone filed properly taking full advantage of the tax deduction this represents roughly \$55,000 in tax savings for my tipped staff. Breaking it down, we estimate an average benefit of nearly \$1800 for each of our tipped employees. This impact to a college student, part-time employee, or full-time server is significant. Again, I thank you for your leadership and look forward to seeing further progress to clear the way for more pro-business policies.