

TESTIMONY BEFORE THE UNITED STATES CONGRESS
ON BEHALF OF THE

NATIONAL FEDERATION OF INDEPENDENT BUSINESS



Written Testimony of Lana K. Pol

President/Owner, Geetings, Inc.

before the

United States House of Representatives
Committee on the Budget

2017 Tax Law: Impact on the Budget and American
Families

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NFIB
1201 F Street, NW Suite 200
Washington, DC 20004

Good morning, Chairman Yarmuth, Ranking Member Womack, and members of the House Budget Committee. My name is Lana Pol. I am an owner of multiple small businesses in and around Pella and Des Moines, Iowa. I serve as the President of Geetings, Inc., G.I. Warehouse Corporation, Mowbility Sales and Service, and Creative Inspirations. Thank you for inviting me to testify at this important hearing on the 2017 tax law's impact on the budget and American families.

Geetings, Inc. was founded in 1972 by my father, Delroy "Wayne" Geetings. Dad completed only a sixth-grade education, but his drive and motivation made him a successful entrepreneur. His many businesses included a landfill, a filling station, a pool hall, a car dealership, and an excavating company. Forty-seven years later, the company continues to operate using Dad's motto for life: "If it's worth doing, it's worth doing right!"

In 1975, Geetings expanded to the nearby town of Knoxville with the building of a warehouse and the founding of G.I. Warehouse Corporation. As the need for storage space increased, additional warehouses were built to fulfill demand. Geetings, Inc. and G.I. Warehouse Corporation continue to operate based on Dad's original values of integrity, honesty, respect, and loyalty, and are committed to "delivering quality service, one customer at a time!" We also value community, responsibility, equality, innovation, family, attitude, uniqueness, and faith.

I joined the company on a fulltime basis in 1975. I bought out my retiring brothers in 2011 and 2012 and became the sole owner of Geetings, Inc. and G.I. Warehouse Corporation. In 2015, I carried on my father Wayne's tradition of entrepreneurship and opened two new small businesses along with the next generation, my children. Mowbility Sales and Service is an outdoor power equipment retailer and service provider in Pella and Des Moines. Mowbility recently purchased Odyssey Spas and moved into selling new products like spas, swimming pools, and hot tubs. Creative Inspirations is a promotional product distributor specializing in apparel and customer fulfillment in Pella. Both of these businesses are rapidly expanding. I hope to pass the businesses onto the third and fourth generations of our family.

The 2017 *Tax Cuts and Jobs Act* provided tax relief that allowed us to invest in our employees with raises and our businesses with a significant facility expansion and new vehicles. The new tax law also increased local and national business confidence and optimism. Together, these factors continue to benefit our local and national economies. Two of the most significant direct benefits from the new tax law for our businesses were the creation of the new Small Business Deduction (Section 199A) and the expansion of Small Business Expensing (Section 179).

For tax filing purposes, our businesses are organized as pass-through entities – S corporations and LLCs – meaning the business earnings flow through to my individual tax return. The vast majority of small businesses are organized similarly as pass-through entities. The creation of the new Small Business Deduction (Section 199A) provides substantial tax relief for businesses like ours, allowing pass-throughs to deduct up to 20 percent from business income.

My accountant informed me that the new Small Business Deduction (Section 199A) will provide

around \$40,000 in tax relief for our businesses. This tax relief from the new tax law provides crucial cash flow that allowed us to provide up to \$4,000 raises to our employees, the largest compensation increases we have been able to provide in recent years. These raises increased employees' take-home pay and helped us retain employees. As you know, businesses across the country are experiencing tight labor markets, an indicator of a strong economy. The labor market is especially tight in Iowa. Retaining highly-valued employees is key for our businesses to function.

We are not alone. Record levels of small business owners are increasing employee compensation. Over the last 14 months since the enactment of the new tax law, at least 30 percent of small business owners have reported compensation gains each month, a level that had been reached only once since 2001.¹

Additionally, we invested \$2 million in a nearly 40,000 square foot expansion of G.I. Warehouse Corporation, which was completed in December. We are now up to 460,000 square feet in warehouse space. We have filled the warehouse space, another strong economic sign.

The new tax law doubled the Small Business Expensing (Section 179) thresholds of the tax code from \$500,000 in 2017 to over \$1 million in 2018. This expansion incentivized us to purchase six new semi-trucks totaling \$1 million and will allow us to immediately expense the cost of the trucks in 2018 instead of depreciating that amount over several years.

I have observed other small businesses in and around Pella also investing in employees and companies. Nationally, the NFIB Small Business Optimism Index has remained historically high throughout 2018 and early 2019. We have experienced this optimism firsthand. Multiplying our experience by millions of small businesses around the country demonstrates significant economic benefits resulting from the *Tax Cuts and Jobs Act*.

Congress can help further. Many of the provisions benefitting individuals and small businesses – like the Small Business Deduction (Section 199A) – sunset after 2025. That sunset date makes small business owners nervous about expansion. To provide long-term certainty and confidence for small businesses, Congress should make these provisions permanent. The House of Representatives voted to make these provisions permanent last September. I urge similar votes this Congress on bills like H.R. 216, the *Main Street Tax Certainty Act*.

Thank you for the opportunity to testify. I look forward to answering any questions.

¹ NFIB Research Center, *NFIB Small Business Economic Trends*, February 12, 2019.