

**TESTIMONY OF JAMIE SMITH
OWNER & GENERAL MANAGER
AT MR. ROOTER PLUMBING OF GREATER BALTIMORE
BEFORE THE**

U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON SMALL BUSINESS
“Running on Empty: The Effects of High Gasoline Prices on Small Businesses”

MAY 9, 2012

Chairman Graves, Ranking Member Velázquez, and members of the Small Business Committee, thank you for your invitation to testify at today’s hearing. I am honored to have the opportunity to speak with you regarding the current crisis of rising gas prices and their effect on the small business community. I believe my role as a small business owner qualifies me to provide testimony on the topic of rising gas prices.

My name is Jamie Smith and I am a franchisee of the Mr. Rooter Corporation. I am the Owner and General Manager of Mr. Rooter Plumbing of Greater Baltimore, and a member of the International Franchise Association. My business offers heating and plumbing solutions to the Greater Baltimore, Maryland area and I employ 10 plumbing and office professionals. My current fleet of five service vehicles uses a combined total of 1,200 gallons of gasoline per month, which equates to approximately 10% of my revenue. To alleviate this burden on my business and all small businesses, I ask that American policymakers immediately invest our tax dollars in strategies for increased energy production, conservation of our existing resources and promoting alternative energy options like natural gas and hybrid electric vehicles.

Since opening my operation in 2010, I have seen a 29% increase in fuel prices, at a time when my sales and revenues have declined. In an effort to offset the rising fuel charges, I added an \$11 fuel surcharge to all service calls, but many customers refuse to pay this charge. In fact, some potential customers disapprove so vehemently of this practice that they refuse to consider Mr. Rooter of Greater Baltimore for their future plumbing and heating needs.

As a small business owner, I cannot leverage economies of scale to absorb cost increases like larger corporations. Absorbing these costs drastically affects my bottom line. My company also services several counties with only five vehicles which mean my vehicles are traveling greater distances to reach our customers than larger plumbing operations with 30+ vehicles and smaller, more defined territories that limit distance traveled.

I wrote to my Governor, Martin O’Malley, to protest his proposal to make gasoline subject to the Maryland state sales tax. This would obviously increase the cost of gasoline to the economy’s most fragile sector, the small business. I used to think that having a small business was the American dream, but now it appears to be the American nightmare. When it comes to energy consumption, I think that a focus on new taxes is the wrong answer. State and Federal policymakers should be focused on increasing the production of domestically produced energy solutions.

I support projects that would lower the cost of gas while helping the economy. I enjoy having the freedom to own and operate my small business and providing a fulfilling place for my fantastic team of Mr. Rooter employees to work. However, if policymakers in Washington do not begin to embrace new energy policies, I believe you will begin to see an increase in small business failures. Meeting obligations such as payroll, energy consumption and other overhead expenses with diminishing profits, becomes unsustainable.

Thank you for this opportunity and I look forward to answering any questions from the Committee.