

Prepared Testimony and Statement for the Record of  
Justin Conger, Owner, Conger Construction Group

On Behalf of the Warren County Chamber Alliance

Statement for the Record  
Before the

Committee on Small Business  
United States House of Representatives

Hearing on the Tax Cuts and Jobs Act (TCJA)

July 24, 2019

2360 Rayburn House Office Building  
Washington, DC

Chairwoman Velazquez and Ranking Member Chabot, and members of the committee, I'm honored for the opportunity to testify before the committee today on how the Tax Cuts and Job Acts helps Small Businesses.

My name is Justin Conger, 2<sup>nd</sup> generation Owner and President of Conger Construction Group. On behalf of Conger Construction Group, Inc., our employees, our clients, 4700 small businesses, and approximately 109,8115 employees I represent as a member of the Warren County Chamber Alliance, thank you for the opportunity to submit this statement for the record before the Committee on Small Business' hearing entitled "*Is the Tax Cuts and Jobs Act a Help or Hinderance to Main Street.*"

Not only am I a 2<sup>nd</sup> generation Business Owner and entrepreneur, I am the current Board Chair of the Workforce Investment Board of Butler, Clermont, and Warren Counties overseeing Ohio Area 12 and the utilization of its WIOA Funds. I also serve as Board Chair of The Associated Builders & Contractors (ABC) of Ohio, and a Board Member of the JobsOhio regional REDI Cincinnati Board. I list these organizations and my participation in them not as personal recognition, but to provide context and to attest to my qualifications as I present this testimony. I bring a unique perspective on the positive impact local, state, and federal tax policy has on our small businesses. I appreciate the House of Representatives' Committee on Small Business' continued attention to how tax policy, specifically the Tax Cuts and Jobs Act (TCJA), impacts small businesses.

The portion of the Tax Cuts and Jobs Act (TCJA) that impacts Conger Construction Group most deeply is the provision that lowered the federal corporate tax rate to a flat rate of 21%. Founded in 1992 by my father Larry Conger, we were established as a Closed Corporation or "C Corp" due to the nature of commercial construction and associated risk. Under the Tax Cuts and Jobs Act (TCJA) the much-needed savings provides more capital to re-invest in our business to and our employees.

From 2016 until 2018, I am proud to say our business has grown 110%! This growth would not be possible without the Tax Cuts & Jobs Act of 2017. Our commercial construction company is located in southwest Ohio and 100% of our revenue is generated from projects within a 100-mile radius of our office located in Lebanon, Ohio. In the Southwest Ohio 16 county MSA there are currently over \$2.5 Billion in active construction projects. This uptick in commercial construction activity has increased dramatically in the past 18 to 20 months due to the passage of the Tax Cuts & Jobs Act of 2017. Leading indicators, like the Architectural Billings Index, suggest this trend will continue well into the future. In general terms, construction is a lagging indicator of the economy. If our clients or other businesses are not growing, expanding, or re-investing in their facilities, there is no need for commercial construction services. There is a lot of work to be completed before a project can start; from an owner obtaining financing, to architectural drawings being completed, to regulatory approval from local jurisdictions. Businesses all over Ohio are growing and expanding by utilizing the benefits of the Tax Cuts & Jobs Act of 2017 and reinvesting additional generated capital into their businesses. In talking with past, future, and current clients, over 80% indicate the reason for their investment in construction services is due to the economy and current tax structure.

The economic expansion provides growth opportunities for Conger Construction Group and hundreds of subcontractors, suppliers, vendors and their employees. We only self-perform (or complete) about 10 to 15% of our work with our own forces, meaning 85 to 90% of our work is subcontracted out. These subcontractors and their employees are feeling the benefits of a robust economy. In some ways commercial construction has a waterfall effect. Conger Construction Group is experiencing economic growth and prosperity and so are thousands of other front-line workers employed by our partners/subcontractors. Continued economic expansion is providing increases in wages never before seen in my 18 years in business. All of which is great for the American economy.

Conger Construction Group is a prime example of one of the many businesses across the country growing and expanding by utilizing the benefits of the Tax Cuts & Jobs Act of 2017 and reinvesting in their businesses. As I mentioned previously we have grown 110%! As a business owner, entrepreneur, and community leader I am proud of this growth over the past three (3) years, but I am even more proud of how we have grown our culture and employee base. Since 2016 we have almost doubled our employee head count, from 28 full time equivalents (FTEs) to 48 FTEs, and we are continuing to grow and add staff. In the past year and half wages have increased by over \$1,500,000 for our non-ownership employees! Furthermore, due to the Tax Cuts & Jobs Act of 2017 we have paid out over \$381,000 in bonuses to those same employees in 2017 & 2018!

As a business owner, I believe I have a responsibility not only to support my family but to support the families of our workers. With record low unemployment, finding talented workers to fill open jobs is harder than ever. From my experience on the Workforce Investment Board there is a workforce shortage of epic proportion. If businesses want to continue to grow they must take care of their employees, both personally and financially. We are utilizing the Tax Cuts & Jobs Act of 2017's decrease in corporate tax rate from 35% down to 21% to grow wages of our front-line employees. We are not only growing our business, we are providing our employees a pathway to sustained economic stability for themselves and their families . In today's economy and unemployment in Warren County Ohio at 2.8%, we are PROUD of our ability to not only double the number of employees we are providing jobs for, but we are growing their income level and supporting families. These employees and their families are the ones buying goods and services throughout our country, traveling with their families, and re-investing in America.

Most people think of construction is a low paying "dirty" job that doesn't require much of an education or skill set. This couldn't be further from the truth. Construction provides hundreds of thousands of workers an opportunity to start a career with lifetime employment as a skilled trades

professional. I am fortunate to have two employees who started out earning \$14.00 and \$17.40 per hour who continued to learn, grow their skill set, and work their way up through our organization. Today both of these individuals are earning over \$125,000 a year and are helping lead our organization. They have grown and moved into comfortable middle class living. This sort of growth isn't possible without economic expansion facilitated by a lower tax burden on the employer. The streamlined tax code is not only having a positive impact on businesses but on average Americans working on the front lines.

In today's business climate with low unemployment and increased opportunities, it's important for businesses of all sizes to constantly re-invest in their business. Conger Construction Group is no different. Due to the Tax Cuts and Jobs Act, we have recently been undergoing a complete renovation and expansion of our own headquarters. We are utilizing the lower tax rate on closed corporations to improve our facility and provide a working environment that will enable us to better serve our clients and our employees. We are re-investing in ourselves! We are not just taking the savings in tax rates and putting it in our ownership's pockets. We are re-investing and providing more opportunities for our employees, our subcontractors, and our suppliers. This is what being a small business owner is all about in America!

Another aspect that is potentially even more impactful than the decrease in tax rate, is the ability to accelerate depreciation of our investments into our company. Outside the renovation of our facility, we have budgeted capital expenditures of \$500,000 for calendar 2019. Although the net impact over time is a wash, the ability to expense these investments rather than depreciating them over 5 or 7 years provides us with an additional \$100,000 of cash in 2019. This is often the most critical item for a growing company. With increased receivables, inventory and work in process, a growing business requires significant cash.

As part of my testimony and involvement in the Warren County Chamber Alliance I would like to submit additional letters of support from other small

businesses in Warren County, Ohio who are leveraging the Tax Cuts and Jobs Act to grow their businesses, grow their employees, and grow the American Economy. These letters affirm the Tax Cuts and Jobs Act has been a help to Main Street Ohio!

Thank you,

Justin Conger  
President, Conger Construction Group