

## **Written Testimony of**

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**Small Business Owner**

**Before the Small Business Committee  
U.S. House of Representatives**

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My name is Dixie Kolditz. From Cathlamet WA. I was born and raised in a black township in Johannesburg South Africa and came to the United States in 1995 as a student at Brigham Young University where I majored in Journalism and minored in Public Relations. I also met my husband, Ross Kolditz, at BYU and we have 7 children. I proudly became a United States citizen in 2004.

My husband and I own two businesses. Brighton, Enterprises Inc, which is a "Supported Living " agency providing residential care for developmentally disabled adults, and Open-Box Creations LLC, which is our wholesale home décor company.

Between the 2 companies, we are proud to employ 150 people. Our employees are mainly in Southwest Washington State. We also have some in Michigan, Illinois, Oregon, and California.

Like many other business owners and entrepreneurs we have had some struggles and successes. Times are harder; customers are not buying as much. They are guarding their wallets and not spending as freely as they used to; which is to be expected in these uncertain times.

### **Increase in scanning and inspection costs**

We have had to be creative and make our money stretch more than it used to. This becomes harder when there are expected and unexpected regulations and hidden government taxes and fees. For example, when I ship a container of our products from Thailand, there are fees that I expect to pay. Ocean freight, customs and duties, import broker fees and trucking fees.

We keep our fingers crossed that the various government agencies will not delay our shipment, causing deadline delays to customer's stores. Each time a shipment gets "scanned", or inspected, the costs associated with inspecting, moving the shipment to the inspection location, and unloading/re-loading it is passed on to us. We are also charged daily fees for storing the containers while it waits to be unloaded and inspected.

In the shipment that I just received last week, my unexpected government costs were \$1705.17. We have to pay it, no questions asked. \$822 of this amount was from the Department of Agriculture. The added inspection was due to our "Wood" vases. They unloaded the container, and opened a few boxes looking for "Raw Wood". These are the same finished wood vases that we have been selling for the past 4 years.

We understand that homeland security is crucial, however, before the economy took a downturn, we were not scanned as often. And we would have agreed that the customs scans and inspections were indeed random. Now, all our shipments are scanned/inspected at our expense, every single time. It feels like a government money-making scheme.

The fees are higher than our labor costs to load and un-load. It seems that because they are not footing the bill, they do not care how long it takes and they can use any facility that is convenient to them. Even if it means taking a container that had been trucked to Portland Oregon, our home shipping port, from San Francisco, back to San Francisco to be scanned, then trucked back to Portland.

Why do we, then have to pay for their inefficiencies. There has to be a way that they can be accountable to us or share the expenses. Maybe then, they will work faster, efficiently and cost effectively.

### **Recent Import Security Filing Program**

There are many rules and regulations that we have to follow when importing goods into the United States. Last year The Department of Homeland Security and US Customs regulated the 10 + 2 Import Security Filing program (ISF forms). Where any ocean freight coming to the US has to have extra forms filed by the importer *before* the container is loaded in the country of origin. The information that the form asks for is not determined until you load the container and register it with the shipping company. Shipping companies will not give the information until 3-4 days before sailing. Thus making the filing of any ISF forms extremely difficult.

The shipping companies already have to file shipping documents with the United States. Making the ISF forms merely a redundancy.

The ISF regulation also comes with a steep \$5000 penalty to anyone who does not supply this duplicate information before the ship is loaded. We spend many hours working on this regulation with every shipment.

What is also concerning is how some of the information that we work so hard to acquire because of regulation is not even read or put to consideration. For example when I called to inquire about my container. The person on the line explained how my shipment was going to be delayed because of scanning by the Department of Agriculture. They asked me if my product was made of wood. I was puzzled because not only does it clearly state that I have wood vases on all the bill of lading and

shipping documents, but I have also supplied the required “genus and species” of the wood.

My industry colleagues have confirmed that they have to deal with the same problems. Many have given the response of “that’s how it is.”

### **Renewal of Generalized System Preference (GSP)**

We now also have to pay duties on our products that used to be duty-free. This is because Congress and the President have not yet authorized the renewal of the Generalized System Preference (GSP). This is a program that the government started to assist developing countries through enhanced access to the U.S. market. GSP was initiated in 1976 and offers duty-free treatment for 4800 products from 131 designated countries and territories throughout the world.

This has been renewed by every congress since its inception and sometimes there have been delays with the renewal. I hope this does not take as long as 10 or 15 months to renew.

This is going to be hard on small businesses. As an importer, I know this is already an added burden. I had to pay 17% for duties on products that were previously duty free. We will now need to raise our prices to match the increase. Basic principles of supply and demand mean that demand for our products will decrease.

I know that there is a possibility of the duties being refunded if the GSP is renewed but until then, this is like a new tax.

Having our products duty free, not only helps the developing countries, but it also helps us here at home. It lowers our bottom line. This makes it possible for us to pass the savings to our customers, to grow our businesses, and to hire more people.

It might not seem like a lot of money, but it is all the little additions here and there like customs scans, de-valuing, and duties add up quickly, and soon we all cannot afford to run our businesses.

Many Americans are already having a hard time making ends meet. And the new duties are going to add to increase the cost of goods at the many different stores.

In times of financial crisis, don’t just add reactionary regulations. Sometimes it is good to take a moment and think things through. Small businesses do not have the budgets and manpower of big business. When you add a new regulation, do not just think of it in terms of the big business; consider the small businessman and woman who have limited resources. Think of us, and how we can meet the new rules. We are also a part of the job creators.

### **With Less Regulation**

With less regulation, small businesses like mine sometimes get the opportunity to work with big business, creating jobs. We recently started selling our products in

different Costco Wholesale stores around the country through their “road show” program. This is a program where Costco invites a vendor to sell his or her products in various stores. This is a mutually beneficial opportunity because we get to put our products in front of hundreds of their customers and they get to offer more variety and excitement in the stores. This is a great opportunity to grow for any small business. This also means that this year we will hire 15-20 new employees to help sell our product. If we continue to do well, we will continue to help in the economic recovery process.

Over time, though, if more regulations are added our business dealings with companies like Costco will be gone, which means less employment. Today we will enjoy the freedoms to take advantage of such mutually beneficial business opportunities.

In closing, we want to create jobs and improve our economy. It also does not help when we are vilified as greedy and not doing our “fair share”. No one gives us handouts. We put in our hours and we work hard. We have no lobbyists. We use our talents and creativity to solve problems every day and to be efficient. We risk our entire livelihoods. We are proud to be providers for ourselves and others.

Let us be your partners to make a difference.

I am thankful for this opportunity and hope that the information that I have provided will be helpful. Thank you for your efforts in making our country a better place for businesses to flourish and for people to achieve their American dream.

Please contact me anytime if I can be of further assistance.

Respectfully,

Dixie Kolditz

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