

To: House Financial Services Committee

From: Alan Erickson, Small Business Owner and Mayor – City of Mosinee

Subject: Congressional Field Hearing in Wausau on Monday, October 31, 2011

I wear two hats as I sit before you today.

First, I am here as member of the small business world of North Central Wisconsin. I feel the pain, as others do, of decreasing revenues and increasing expenses.

As the owner of Small Business World Web Hosting and Design I witness the decline in the amount of money spent in the area of promotion for small business. Even though these are the times when promotion is essential, businesses find paying operational cost is critical.

As the owner of Little Bull Falls Trolley Company I have realized a major decline in the use of unique transportation opportunities for weddings and special events.

As the owner of three commercial buildings which offers lease space for retail and/or service businesses I, as well as others, are faced with the challenge of obtaining and retaining tenants.

Secondly, I am here with you today as the Mayor of the City of Mosinee and Chairman of the Economic Development Committee for the city.

We, as a city, have been aggressive in our economic development efforts in all commercial and downtown business development.

Within the last two years at least three (3) large commercial developments have been stalled in the City of Mosinee because they were unable to obtain the necessary financing.

Small businesses have had difficulty obtaining the credit that they need to expand and, in some cases, even to continue operating. I believe most small business owners are excited about the near future, but can't get the loans they need to grow. But the economic recovery is pinned to job creation, and job creation is pinned to entrepreneurship and small business owners having the confidence to invest in and grow their businesses over the long haul.

Many small businesses have been operating at a loss for the last couple of years, and are unable to get a bank loan. They are sitting on land and buildings that they own which are next to impossible to sell in this economy. If they close down part of their operation in order to save operational costs this also means they limit production and eliminate jobs.

Banks are pointing to two reasons for the drop in real loans: lack of collateral and a renewed sense of risk aversion. For lack of collateral, business owners who were once able to borrow against assets—their land, building, or equipment—have seen their property values diminish along with everyone else. As far as risk goes, Banks say that regulators are getting in the way of their making good loans. For business owners though, those problems are arguable. But while banks have closed the window for small

business loans, they've happily opened the back door to any business that wants that money in the form of a credit card loan. For small business, credit card terms are generally far worse than regular bank loans.

Most small businesses rely on lenders to provide the capital they need to either open a business or to finance capital improvements. Without loans, many small business owners would be unable to realize their dreams of opening a business, renovating their building, or expanding their operations. But long-term planning isn't possible with credit card financing. When they need to get together money to keep going, and the loan isn't there, there aren't many options that don't involve plastic.

Bankers worry that companies won't be able to find access to capital (which is ironic, given that the banks are primarily responsible for lending out that capital) and increasingly, bankers worry government regulation will become a major issue for small businesses.

I am not a believer in the blanket approach to management decision making.

Who gets hurt – those who did it right!

Who suffers – all those people and organizations they serve.

We need to stimulate the system from the bottom up. It's about jobs. We create jobs by investing in one another. I believe our economy would be better stimulated if low interest loans were made available for small businesses. I would like to ask why the government hasn't provided stimulus for smaller businesses. Government needs to rethink the concept of trickle down economics.

Sincerely,

A handwritten signature in cursive script that reads "Alan Erickson". The signature is written in dark ink and is positioned below the word "Sincerely,".

Alan Erickson

United States House of Representatives
Committee on Financial Services

"TRUTH IN TESTIMONY" DISCLOSURE FORM

Clause 2(g) of rule XI of the Rules of the House of Representatives and the Rules of the Committee on Financial Services require the disclosure of the following information. A copy of this form should be attached to your written testimony.

1. Name:	2. Organization or organizations you are representing:
Alan Erickson	small business mayor City of Wausineo
3. Business Address and telephone number: 	
4. Have <u>you</u> received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2008 related to the subject on which you have been invited to testify?	5. Have any of the <u>organizations you are representing</u> received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2008 related to the subject on which you have been invited to testify?
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
6. If you answered .yes. to either item 4 or 5, please list the source and amount of each grant or contract, and indicate whether the recipient of such grant was you or the organization(s) you are representing. You may list additional grants or contracts on additional sheets.	
7. Signature: 	

Please attach a copy of this form to your written testimony.