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A corporate wish list

Executives seek solutions to a host of issues, from credit to insurance

by Kevin James Shay | Staff Writer

To Thomas Hurley, the credit freeze, which federal officials hope a \$700 billion Wall Street bailout package will thaw, is one thing. But the CEO of HurleyIR, a Mount Airy

engineering and manufacturing company that produces thermal imaging products, said his big concern these days is just getting paid on time by federal agencies his company contracts with.

That's a key issue he wants the next president and other federal officials to address.

"Our nongovernment customers are paying faster than our government customers," Hurley said. "It's getting very scary."

Whether the next president is Sen. Barack H. Obama Jr. (D-Ill.) or Republican Sen. John S. McCain III (R-Ariz.), he will also need to work on freeing up credit, improving infrastructure and providing more help for small businesses to offer health insurance, say Maryland business executives.

"Banks seem to have stopped lending to small businesses," said Hyun Martin, owner of Be You Bi Yu Wellness Center & Spa in Bethesda. "The candidates are not talking much about how they will support small businesses."

While small-business concerns might get lost in much of the media coverage about the economy, stock markets and now clothing expense accounts, both McCain and Obama have pages devoted to what they would do for smaller companies on their Internet sites. McCain pledges to lower the corporate tax rate to 25 percent from 35 percent, expand federal aid to displaced workers and work on reducing energy costs by ramping up domestic oil and natural gas production and building new nuclear power plants.

Obama would eliminate capital-gains taxes for many small businesses, expand the U.S. Small Business Administration's loan and microloan programs and strengthen business incubators and programs for minority-owned businesses.

The next president should balance the budget and turn the Iraqi situation over to the United Nations so the U.S. can stop spending \$10 billion per month to rebuild Iraq, said Fred F. Mirmiran, president of Johnson, Mirmiran & Thompson, a Sparks civil engineering firm.

"Let's rebuild America," Mirmiran said.

He advocated a plan along the lines of what Franklin D. Roosevelt promoted during the Great Depression through initiatives such as the Tennessee Valley Authority to improve public infrastructure while putting people to work. The work to improve roads, bridges, mass transit and water systems will stimulate the economy and provide for future infrastructure needs, Mirmiran said.

The federal transportation trust fund should also be adequately funded to ensure there are no more catastrophic bridge failures such as last year's in Minnesota, added John A. Moeller, executive vice president of Johnson, Mirmiran & Thompson. He also would like to see an economic stimulus package "designed to put people to work," as well as a plan to become energy independent.

Neither of the major candidates has been specific about what he plans to do to lessen the tax burden on businesses, said Jessica Kamala-Mushala, CEO of J.M. Accounting Services LLC in Hyattsville. Many small businesses are trapped between not making enough to get by and making too much to warrant tax exemptions, she said.

The next president should promote free trade but remember to protect the U.S. economy, Kamala-Mushala said.

Health insurance:

Look to Europe

In the first three years of Martin's spa business, she has had to be creative, work on a cash basis and market through the Internet and word of mouth. "I have very loyal clients, who have really helped me," she said.

Thus, health insurance is a big expense and concern to Martin and thousands of other business owners. Officials should review what Canada and most European nations do regarding a national health care plan, she said. "Tax credits and rebates won't help me," Martin said.

Health insurance is the biggest issue for Roberta Osei-Wusu of Pure Heart Care Providers in Bowie. She said she can spend as much as \$800 a month for medical insurance for an employee's family and has resorted to using only contract workers to trim costs.

"Taxes and health care and all these all expenses make a small-business owner a slave to their job," Osei-Wusu said.

On the medical insurance issue, McCain has promised a \$2,500 refundable tax credit for individuals and a \$5,000 credit for families to purchase their own health plans. He would also tax employer-provided benefits and deregulate the industry to allow people to buy insurance across state lines.

Obama has said he would provide a tax credit to small businesses to help them cover up to 50 percent of health-insurance premiums for their employees. He would increase regulation of the insurance market and force private insurers to compete with a national health plan resembling what is offered to federal employees.

Both plans would cost more than \$1 trillion over 10 years, with McCain's some \$300 billion less, according to the Tax Policy Center, a joint venture of Washington think tanks Urban Institute and Brookings Institution. Obama's plan would cover significantly more uninsured Americans than McCain's, according to the Urban Institute.

New president may

provide a boost

Retailers typically get a boost when a new president takes office, as consumers react hopefully to a fresh start, said Thomas Saquella, president of the Maryland Retailers Association. But with such deep economic problems, such a spark might fizzle out this time, he said.

"Most retailers I've spoken with have said the presidential election campaign can't end too soon," Saquella said. "It's been a distraction to consumers."

Boosting consumer confidence is the key wish of Maryland retailers, he said. But until banks are stabilized and credit flows more freely, that situation isn't likely to change, Saquella said.

Oscar Munera and Yaneth Reyes own Yaneth Reyes fine jewelry shop in downtown Frederick. With plans to open a second level, the couple said sales have fallen up to 30 percent over the past year, with business particularly slow in recent months. The Colombian natives said they expect business to pick up a bit after the election.

"Whoever is going to win, after the election we'll go back to normal," Reyes said. "Right now, we just have to keep working and hoping for the best. That's life."

In working to streamline the credit process and get more capital to small businesses, federal legislators are eyeing special loan programs and tax relief, Sen. Benjamin L. Cardin (D) of Pikesville said in a recent conference call.

"We know that small businesses are particularly vulnerable," said Cardin, a member of the Small Business and Budget committees. "We have to provide more capital."

Hopkins seeks more

for research efforts

Johns Hopkins University in Baltimore, the largest private employer in Maryland, would like to see more federal funding

for research, particularly biomedical research, said Dennis O'Shea, a university spokesman.

Such research is not only important to the health of the U.S. and world populations, but it is an "important driver for innovation and the long-term health of the U.S. economy," he said.

Hopkins specifically calls for a \$1.9 billion increase in the research budget of the National Institutes of Health in Bethesda "to begin to restore the loss in purchasing power" in that budget that has occurred since 2004, O'Shea said.

"That's a start, but we'd like also to see the next president commit to providing reliable increases long term," O'Shea said. Dealing with funding levels that yo-yo from year to year is disruptive to researchers and universities that are trying to plan and manage their research programs, he said.

Hopkins also supports recommendations from the Association of American Universities and the National Academies, including upgrading the presidential science adviser to a Cabinet position. In addition, the academic organizations call for increased federal funding for student aid programs and enhanced tuition tax deductions.

Strengthening environmental programs and rebuilding international relations also should be priorities of the next president, said Seth Goldman, president and CEO of Bethesda beverage company Honest Tea.

Alternative-energy proposals could provide more jobs and allow the nation to divert resources being spent to buy and ship oil to a better cause, said Donald Risher, vice president of Belair Engineering in Upper Marlboro, which provides heating, ventilation, air conditioning and plumbing systems and services.

"I would like to see it as a goal," Risher said. "Talk is cheap, and there's a lot of walls that have to be torn down before anything can happen."

Staff Writers Lindsey Robbins and Rebecca McClay contributed to this report.

More on the major presidential candidates' plans for small businesses are at: McCain: www.johnmccain.com/Issues/JobforAmerica/smallbusiness.htm

Obama: www.barackobama.com/pdf/SmallBusinessFINAL.pdf