SBLC WEEKLY

BEST WISHES FOR A PROSPEROUS AND HEALTHY NEW YEAR. THE YEAR 2008 WAS A TOUGH ONE FOR MANY SMALL BUSINESSES AND THE TRADE ASSOCIATIONS THAT REPRESENT THEM. FOR OUR FIRST CYNICAL OBSERVATION OF THE NEW YEAR, WE WILL NOTE THAT THE LOBBYING COMMUNITY WILL GET AN EARLY STIMULUS BOOST. AS CONGRESS CONVENES, THE LOBBYING TO SECURE ITEMS IN THE FIRST STIMULUS LEGISLATION IS ALREADY MOVING AT A RECORD PACE. THE CONGRESSIONAL MAJORITY’S LEADERSHIP HAD PROMISED TO DELIVER A STIMULUS PACKAGE TO THE PRESIDENT FOR HIS SIGNATURE AFTER HIS INAUGURATION. WE ARE SKEPTICAL THAT THE SENATE WILL BE ABLE TO REACH A CONSENSUS SO QUICKLY AS BI-PARTISANSHIP COOPERATION IS NECESSARY AND THE LOBBYING INTENSE, BUT IN THE END, HOW CAN YOU DENY A NEW PRESIDENT HIS HONEYMOON? LOOK FOR A FEBRUARY DELIVERY DATE.

WE HAVE LOST TRACK OF THE NUMBER OF STIMULUS IDEAS THAT ARE BEING FLOATED. AT ITS ANNUAL ISSUES’ RETREAT, THE SBLC BOARD OF DIRECTORS DISCUSS THE TOPIC AT GREAT LENGTH. THEY DID SETTLE ON A PACKAGE THAT THEY BELIEVE HELPS THE WIDEST SPECTRUM OF SMALL BUSINESSES. WE RECOGNIZE MANY OF YOU ARE PURSUING INDUSTRY-SPECIFIC PACKAGES. IT WILL BE DIFFICULT FOR US TO ENDSORE ANYTHING BEYOND WHAT WE HAVE ALREADY IDENTIFIED. IRONICALLY, THERE ARE SO MANY PROPOSALS BEING SHOPPED THAT WE KNOW SOME OF YOU HAVE BEEN FORCED TO ENGAGE IN “COUNTER-LOBBYING.” THIS IS BECAUSE SOME INDUSTRY’S GREAT STIMULUS IDEA IS ANOTHER INDUSTRY’S BAD UNINTENDED CONSEQUENCES.

SBLC SUPPORTS AN IMMEDIATE SIGNIFICANT INVESTMENT IN INFRASTRUCTURE AS THE CORNERSTONE OF A STIMULUS PACKAGE. THIS HAS BEEN A LONG TIME PRIORITY FOR SBLC AND WE BELIEVE IT IS A WIN-WIN SITUATION; JOBS IN THE SHORT TERM AND NEEDED IMPROVEMENTS TO OUR INFRASTRUCTURE, UPON WHICH SMALL BUSINESSES RELY, FOR THE LONG TERM. SECOND, WE WOULD SUPPORT THE EXPANSION OF THE FIRST-TIME HOMEBUYERS’ TAX CREDIT TO INCLUDE ALL HOMEBUYERS, TO INCREASE THE AMOUNT OF THE CREDIT AND TO MAKE MORTGAGES AVAILABLE AT LOW RATES. SIGNIFICANT SEGMENTS OF THE SMALL BUSINESS SECTOR RELY ON A VIBRANT HOME-OWNERSHIP POLICY. FINALLY, WE THINK A POLICY OF ENCOURAGING SMALL BUSINESSES TO INVEST IN THEIR FUTURES BY INCREASING AND MAKING PERMANENT THE DIRECT EXPENSING ALLOWANCE FOR NEW EQUIPMENT AND MACHINERY, KNOWN AS SECTION 179, WILL HELP. RUMOR HAS IT THAT THE SECTION 179 INCREASE IS UNDER CONSIDERATION AS PART OF THE PRESIDENT-ELECT’S PROPOSAL, BUT ONLY FOR A SHORT PERIOD.

THE RUMOR MILL ALSO HAS IT THE PRESIDENT-ELECT WILL PROPOSE ALLOWING BUSINESSES TO CARRY BACK NET OPERATING LOSSES FOR FIVE YEARS INSTEAD OF TWO.

A “NEW JOBS TAX CREDIT” MAY BE PROPOSED. BASED ON OUR RECOLLECTION OF THE LAST ONE DURING THE CARTER ADMINISTRATION, THIS COULD BE A WINNER. THE FIRST TIME AROUND, IMPLEMENTATION TOOK TOO MUCH TIME (THE CREDIT WAS IN EFFECT FOR TWO YEARS (1977-1978) BUT IT WAS NOT UNTIL LATE 1978 THAT IMPLEMENTATION RULES WERE HAMMERED OUT AND THE WORD GOT OUT TO SMALL BUSINESSES. REMEMBER THE INTERNET, CELL PHONES AND OTHER MEANS OF INSTANT COMMUNICATION WERE NOT YET BORN.

While it is not part of the SBLC package, some additional stimulus that inspires consumers’ confidence across the board and does no harm to specific industries would be great. We will have to see what Congress and the President-elect have in mind.

About the only observation we can make about what we think will be in the package delivered to the President is that the infrastructure spending seems to be a sure thing.

SMALL BUSINESS LEADERSHIP

The Senate Small Business Committee will be chaired by Senator Mary Landrieu (D-LA). Senator Olympia Snowe (R-ME) will return as ranking Republican. On the House side, Representative Nydia Velázquez (D-NY) will chair the Small Business Committee again. There is a new ranking Republican for the House Committee, Representative Sam Graves (R-MO). The President-elect has indicated that he will nominate Karen Gordon Mills to be the Administrator of the Small Business Administration. Mills is a venture capitalist from Maine.