



Several north Phoenix **BUSINESS OWNERS** say President Barack Obama's **AMERICAN JOBS ACT** sounds good, but won't do much to **INCREASE HIRING** by small businesses.

LOTS OF BARK, LITTLE BITE

Wendy Faircloths trains Duane at Villa La Paws Pet Resort and Spa, where spa owner Tom Murray calls the Jobs Act a Band-Aid for a bigger problem. PAT SHANANHAN/THE REPUBLIC

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Jobs Act stirs business owners' doubt

By Eugene Scott

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After spending weeks examining the American Jobs Act proposed by President Barack Obama, members of north Phoenix's small-business community are skeptical that the plan is a viable solution to unemployment.

Obama proposed the \$447 billion jobs bill in front of a joint session of Congress on Sept. 8.

If passed, the measure would cut payroll taxes of small businesses in half, provide tax credits to small businesses that hire unemployed veterans and the long-term unemployed and provide more jobs for youth.

Arizona alone has lost about 300,000 jobs since late 2007. The state's unemployment rate is 9.3 percent, slightly higher than the national rate.

The bill has yet to be introduced or sponsored in the House. Senate Majority Leader Harry Reid (D-Nev.) this week said he has no immediate plans to schedule a vote on the bill and that the Senate first would focus on trade with China and its impact on jobs.

Obama said the bill would not add to the national deficit and would be funded largely by raising taxes on the wealthy. But entrepreneurs in north Phoenix aren't so sure, with many fearing that the Jobs Act could be another stimulus plan.

Joe Schneider, president of Morgan Chaney, a custom-printing company near 19th and Peoria avenues, said the stimulus impact on small businesses was minimal and he believes that the American Jobs Act could be the same.

"I don't think it had this huge effect that everyone wanted and it was not lasting, which is not good," said Schneider, a member of the North Mountain Business Corridor Alliance, a business organization consisting of companies near Peoria Avenue west of 19th Avenue.

Tom Murray, president and owner of Villa La Paws Pet Resort and Spa, called the Jobs Act another Band-Aid for a much bigger problem. Villa La Paws, near 32nd Street and Shea Boulevard, is part of the District 32 North Business Alliance, entrepreneurs who own businesses along 32nd Street from roughly Shea Boulevard to Bell Road.

"Hiring people is a long-term decision



Wendy Faircloths works for Villa La Paws Pet Resort and Spa owner Tom Murray, no fan of Jobs Act. PAT SHANANHAN/ THE REPUBLIC

and these are short-term fixes, so there's the uncertainty piece," Murray said.

"What's next? We still haven't seen the health-care impact on us yet. It's pretty much an unknown," Murray added, referring to the health-care reform bill passed in 2010.

Schneider would like to hire more staff, but said he can't until he has a better economic forecast.

"There's no clarity. There's no visibility and the projection of the economic trend line is no further than about a week out," he said. "And who wants to hire, even if you have a lot of money, without knowing where it's all heading? Who wants to invest in that?"

Gary Naumann, director of the Spirit of Enterprise Center at the Arizona State University W.P. Carey School of Business, said small-business owners he works with don't believe that low staffing is their biggest issue.

"This (bill) is nice around the edges, but it doesn't help me go out tomorrow and say, 'I'm going to hire more people because of it.' In short, it's not really a tax incentive to hire someone I don't absolutely need," Naumann said.

After hearing Obama's speech, Edward Gomillion, executive director of the North Phoenix Chamber of Commerce, said that

members' reaction seemed to be, "Oh man, here we go again, just a bunch of smoke and mirrors and cushions."

"Not one person came back with a very favorable response," Gomillion said.

Other chamber members doubted that the Jobs Act would not increase the national deficit.

"(Many members said) there's no way we can see him pulling off what he's saying. It ultimately is being paid for by someone and the government isn't in the habit of giving things back to that magnitude," Gomillion said.

The short-term aspect of the measure also worries chamber members.

"The credits back to small businesses for hiring those without jobs were temporary. Those weren't permanent, but short term, to the end of 2011. What's that going to do? You're talking about two months," Gomillion said.

The Jobs Act reinforces the idea that the government is responsible for taking care of people, instead of encouraging free enterprise, said Tracy Baumbach, owner of Tracy B Designs, a jewelry store near 32nd Street and Greenway Road.

"It was almost like the president was bribing us to hire people and the amount of the tax cut will not offset the cost of how much it would cost me to hire a new em-

ployee," said Baumbach, a founder of the District 32 North Business Alliance.

New employees aren't always needed as much as opportunities to compensate existing workers. Murray said he has chosen to decrease his staff's hours instead of laying them off. Many of his employees work an average of 30 hours a week.

"My first impression is that if they gave us some tax cuts and stuff along those lines, I'd probably go ahead and give some people some raises that are due raises, because I've frozen our salaries for the last two and half years. But that's about as far as I'd take it," he said.

And while many small-business owners don't support the Jobs Act, others still are simply uncertain of what it is.

"It's been a wide range of responses," Gomillion said. "But the general consensus is that a lot of the people I spoke to don't understand what it is or what he's looking to do. They're just not quite sure."

Yet Schneider, with Morgan Chaney, remains hopeful.

"I think it will have some trickle-down effect, but I don't believe it's the cure-all to what's the problem with our economy," he said. "As a small-business owner, this did not start two or three years ago under Obama. This has been going on for 20 years."

Congressman questions efficacy of jobs bill

Before running for office, U.S. Rep. Ben Quayle founded Tynwald Capital, a Scottsdale-based firm specializing in the acquisition and nurturing of small businesses. The Republican congressman, who represents north Phoenix and Paradise Valley, doubts that the American Jobs Act will sustain economic growth. Quayle said the short-term fix is a continuation of stimulus packages previously introduced by President Barack Obama and his predecessor, George W. Bush. He talked to *The Republic* about why he believes that the proposal is flawed and what businesses need now.

— Eugene Scott

Temporary fix

"I really think the job bill is rehashing some of the same ideas that both President Obama and President Bush put forth in various stimulus pieces of legislation over the last three to four years. They're targeted but the thing is, they're temporary."

Reform needed

"We need to have more structural reform that's going to be in place longer than six months. What we need is fundamental tax reform, both at the personal and corporate side. And get rid of a lot of reductions and loopholes to bring some certainty in the marketplace."

Won't help hiring

"I don't think (the bill) will have any positive effect. If it does, it will be extra-temporary in nature. We will only have a temporary fix in GDP (gross domestic product) or uptick, if at all, and it's not going to have companies taking that risk to hire new people."

Certainty needed

Quayle said the bill is not favorable to wealthier small-business owners because it would limit the deductions that individuals making \$200,000 a year could take. Quayle said Obama already is proposing a tax increase for small-business owners in 2013.