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Real Estate

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Stimulus Program contains promising elements

ALTAMONTE SPRINGS —

The U.S. Economic Stimulus program has many good elements that will help small businesses but some miss the point, according to Christopher Hurn, chief executive officer of one of the nation's leading providers of U.S. Small Business Administration (SBA) 504 loans for small business owners.

Hurn, CEO of Mercantile Capital Corporation based in Altamonte Springs and a popular speaker at banking conferences and seminars who posts his own blog at www.504blog.com, said the U.S. Economic Stimulus program deserves kudos for promising to buy up to \$15 billion worth of guaranteed SBA loans.

Hurn said the stimulus package also eliminates all SBA fees on both SBA 504 loans and the agency's SBA 7(a) loan program at a cost of \$245 million.

In addition, the administration has announced it will waive capital gains taxes for small business owners

who hold or have held their shares for a minimum of five years. "Those are positive signs for small business owners," Hurn said. "The Treasury buys in the secondary market will add liquidity to the banking environment and thaw out the secondary market, commercial lending, and small business lending," Hurn explained.

But, Hurn cautioned, temporarily eliminating fees on SBA loans won't have much effect on economic stimulation or job growth.

"Fee elimination, even on a temporary basis, doesn't impact small business owners that much because these aren't out-of-pocket fees. These fees are actually financed in the loans, so even though it sounds good rhetorically, I don't know that it's going to have much of a stimulative effect," Hurn said.

Hurn said the stimulus program fails in some other regards as well.

"We haven't addressed any taxation at all," he said.

"There are no new higher tax credits for 2009, which I think would help grow the job base if properly incentivized. There is no mention of a payroll tax holiday for 2009. That would put more

dollars in employees and employers pockets, and these are the kinds of elements that would have an immediate effect and jump start the economy," Hurn said.

For more information call 407-786-5040.