

Want jobs? Keep the cost of doing business down

THE CHAMBER VIEW

by Pamela Tumpap



True job creation comes from small-business growth, and government knows it. That is why

you hear so much support from the national to the county level in support of small business. However, government cannot simply talk the talk; we expect it to walk the walk with the rest of us.

Over the years, our government has grown and, in doing so, has cost each of us more money. In Maui County alone, government jobs grew by 10.4

percent from 2007 to 2009, while private-sector jobs for the same period fell by 12 percent. During the first half of 2009, private-sector wages were down by 10.9 percent, while Maui County workers' wages were up by 19 percent. Is it any wonder the public and businesses are unhappy with government? It is time for government to scale back and lower the cost of doing business in our state and county.

Despite treading water, the business sector continues to put on a positive face while striving for a brighter future. Yet, businesses are hit right and left with mounting costs that reduce jobs instead of generating them. We need government to wake up, smell the Maui coffee, acknowledge the harsh realities small businesses face, and decrease business costs.

In two days (as of this writing), 73 businesses responded to a Maui Chamber of Commerce survey on how businesses are faring. While 7 percent of businesses are on par and 10

percent are doing better than before the recession, most are hurting. Eight-three percent reported they are doing from 10 percent to more than 60 percent worse since the recession, with 4 percent of businesses noting they are down more than 50 percent and 3 percent indicating they may have to close.

Forty-three percent indicated they have laid off people. While that number is staggering, the layoffs reported are even more alarming. Thirty-one companies reported laying off 416 people. Of those companies, two were hotels representing 275 employees, with the additional 141 coming from small- to medium-size businesses. Many businesses also noted that, while they have not laid people off, they shrank their work force by not filling vacant positions.

The survey also revealed that 51 percent (up from 30 percent in 2009) cut employment hours, and 41 percent (up from 18 percent last year) trimmed benefits. Additionally, since

mid-2008, we have identified more than 100 businesses that are no longer with us.

Business owners put their lives on the line. Survey results show: 39 percent have leveraged their homes; 47 percent have financed their businesses with credit cards; 67 percent have used their personal savings; 30 percent have borrowed from their own retirement; and many have contributed their children's college funds, company equipment and other resources. Many have risked multiple assets and are highly leveraged.

All they ask is that lawmakers understand their plight, keep regulations reasonable, not hamper small-business or economic growth, and keep the cost of doing business down.

It is high time we stop the bleeding and not hit businesses further with additional fees and taxes. Such increases can be kept at bay if government lives within its means.

Eighty-eight percent of chamber members opposed a

general excise tax hike, 9 percent are undecided with questions on options, and 3 percent support a GET increase.

Now county real-property tax conversations are under way. Thankfully, Mayor Charmaine Tavares has proposed a lesser rate for commercial businesses, from \$6.25 per \$1,000 of valuation to \$6, which we support. However, other business categories did not fare as well.

The visitor industry — our economic engine, which can deliver more immediate economic results — is looking at a proposed tax-rate hike from \$8.20 per \$1,000 to \$8.75, which we do not support. This industry — which generated \$2.9 billion in spending, leveraging the county's \$3.3 million investment by nearly 879 percent — should be propped up, not knocked down. We stand with the industry in asking the tax rate stay the same. We also feel time shares should not be taxed further, given their rate of \$14 per \$1,000.

An elevated rate also was

proposed for agriculture, whose rate we feel should be kept down as well.

Additionally, we cannot support the proposed commercial-residential rate, which likely will be used for B&Bs as well as transient-vacation rentals and home-based businesses when allowed. To finally permit B&Bs and then set this rate gives the impression that the county is looking for another way to halt these small businesses.

The bottom line is that government must tighten its belt, as businesses have, to make up for revenue shortfalls and a size of government we can ill afford. Ask lawmakers to enhance prosperity by lowering business costs in order to stimulate economic recovery and job creation. Investing in small businesses, the backbone of this community, is a solid plan that will deliver great returns.

■ Pamela Tumpap is president of the Maui Chamber of Commerce.

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