

Election raises hopes on health care, fears on labor unions

BY KENT HOOVER, ED DUGGAN AND PAUL BRINKMANN

The election of Barack Obama as the next U.S. president presents small businesses with an opportunity for health care reform, but an imminent threat on labor issues.

That was the morning-after assessment of small business groups in Washington, D.C., which congratulated the Democratic candidate on his election victory and pledged to work with him to restore the economy's health.

The National Federation of Independent Business overwhelmingly supported Republicans in congressional races, but still hopes to advance its agenda, despite Obama's big win and Democratic gains in Congress.

"Fortunately, we don't think Main Street is either red or blue," said Dan Danner, NFIB's executive VP for public policy. "We're just interested in solutions that solve the problems for small business owners, regardless of party."

NFIB is optimistic it can work with Democrats to make health care insurance more affordable for small business owners, he said.

Karen Kerrigan, president and CEO of the Small Business & Entrepreneurship Council, also thinks Congress will pass health care reform next year. The big question is how much small businesses would have to pay toward their employees' coverage in order to qualify for Obama's proposed tax credit for it, Kerrigan said.

Also up in the air is whether small businesses – definition to be determined – would be exempted from a requirement to either provide health care coverage or pay fees to the government.

CAN OBAMA RESTRAIN CONGRESS?

The issue of tax rates and small business owners got a lot of attention in the presidential campaign, thanks to Joe the Plumber. Earnings at most small businesses are passed through to their owners for tax purposes, and are taxed at individual income tax rates.

Small business groups don't like Obama's proposal to raise income tax rates for individuals making more than \$200,000 (or \$250,000 per family), but they're especially leery about Congress lowering that threshold.

Obama's biggest challenge, Kerrigan said, will be "restraining the Congress" from imposing additional tax increases.

LOCAL ISSUES

The big question for many South Florida businesses will be how Obama treats labor and tax issues, according to several local experts. Here's what they said:

■ Robert Turk, an employment law attorney with Stearns Weaver Miller Weissler Alhadeff & Sitterson, said some clients already have asked what they should expect. Employment law issues, he said, include the proposed Employee Free Choice Act allowing labor to unionize

new shops with write-in ballots, as opposed to private elections, and requiring some pay for family and medical leave.

Turk said he believes Obama won't be too aggressive at first, especially because the

economy is already hurting many employers. But, other attorneys in his firm believe Congress will move quickly to appease the liberal base.

■ Daniel Levine, an employment attorney with Shapiro, Blasi, Wasserman & Gora in Boca Raton, said sexual orientation likely will be added to the list of protected employee classes. The Employment Non-Discrimination Act almost passed Congress last year without the new Democratic majorities.

■ "A number of clients are looking at their companies and investments and analyzing how they can exit them now at the current 15 percent capital gains tax rate," said Michael Daszkal, CPA and partner with Daszkal Bolton.

He sees the election results as spurring additional business for his firm because the consensus is there will be higher taxes.

■ Frank H. Furman Jr., chairman of Frank H. Furman Insurance, said there is a great deal of concern and anticipation of what will happen when the new administration takes office and remembers when JFK took office and said: "I didn't realize it was as bad as I said it was."

Furman questions whether Obama will increase taxes to fund promises made during the campaign, or if he will cut spending and focus on stabilizing the economy, instead of going into trillions of dollars more in debt, which will have to be paid back by later generations.



Levine



Berman

"If there is an anti-Joe the Plumber socialist approach with increasing taxes, it means businesses will have to cut back overhead and employ less workers," he said.

■ Gene Berman, of Marcus & Millichap in Fort Lauderdale, sees anxiety driving a mass exit by commercial property owners now under way. A number of his clients have said that they not only want to sell, but sell this year in order to take advantage of the current capital gains tax rate.

He noted many commercial property buyers in the 2003-through-2005 boom period have holdings worth less than what they paid for them.

"We advise them to hold for the next three to five years, if they can," he said.

■ Steve Templeton, CPA and president of Templeton & Co., said his clients are very concerned by the election results, and that may result in additional business for his firm as they seek advice.

"They fear higher taxes, increased government spending and greater regulation will seriously cut their personal incomes," he said.



Templeton