



An Arizona Jobs Plan

by Kyrsten Sinema

With the national unemployment rate at 8.3 percent and Arizona's nearly the same, our economy is not meeting the needs of our families. It is often said that government doesn't create jobs, the private sector does. Mostly, this is true.

But that doesn't mean that Congress shouldn't try, and right now, Congress isn't doing much. No annual budget gets passed. No long-term spending plans are being hammered out. The tax priorities are all wrong. There's a lot of talk about small business, but not much action.

Congress needs to wake up and get to work! Instead, they just adjourned without a budget.

Again.

While government can't create the jobs we need, bad government can destroy jobs. And good government can foster an environment in which jobs are created, and in times of extraordinary economic stress, government can create some jobs in the public sector. The recent bipartisan passage of the Transportation Act is one positive example of that.

After the massive job loss of the Recession of 2008-2009, Congress needs to get to work so that we can get our economy growing again.

For starters, we must recognize that stability and predictability are critical in the business environment. Congress's current approach of not making long-term decisions on major spending and taxing issues is problematic. Uncertainty limits investment and growth.

Historically, the U.S. gross domestic product (GDP) growth has averaged about 3.25% (<http://www.tradingeconomics.com/united-states/gdp-growth>) per annum (p.a.). In good quarters of good years, growth has exceeded 5% p.a. When that happens, the private sector creates jobs. If GDP growth could once again reach 3-4% p.a. over a sustained period of time, that would do more to create jobs than anything.

The plan below is a set of ideas to grow the economy and spur job creation for the long term; in other words, to "Go Future."

1. Eliminate the “Bush Tax Cuts” for the Richest Two Percent

Though stimulating economic growth and job creation will produce tax revenues that cover the cost of the investment outlined in this plan, some will ask, “How do you pay the upfront costs of these initiatives?” I believe that it is time to let tax cuts and loopholes that favor the rich in the upper income tax brackets be eliminated. Expiration of the “Bush Tax Cuts” for earnings more than \$250,000 per year alone would save us \$968 billion over the next ten years. This can be used to reduce the deficit and fund job creation. These tax cuts should, however, remain in place for middle-income wage earners to help them weather these difficult economic times.

- I support maintaining the “Bush Tax Cuts” for the middle class but believe tax cuts and loopholes that benefit the richest two percent should be eliminated.

2. Provide Tax Credits for Businesses that Create American Jobs – and Stop Rewarding Companies that Ship our Jobs Overseas.

Growth in American businesses is key to creating the number of jobs that we need. Government’s role is to lay a supportive and active framework to secure our economic future.

The federal government should create and tailor existing tax credits to bring jobs back to the U.S. and reward businesses that invest in America, with a particular emphasis on American-made energy. Government should look to help American businesses stay globally competitive. Small businesses with the infrastructure to expand should have the opportunity to qualify for these tax credits. Business, community and government leaders in the U.S. and Arizona must think ahead about which industries will create long-term economic stability and good-paying jobs, and gear tax credits specifically toward stabilizing, expanding and attracting those type of industries and economic activity to our country and to Arizona. We should eliminate tax breaks for companies moving jobs out of our country.

As a state legislator, I supported bills that created targeted tax incentive packages that produced accountable outcomes such as specific job creation within our state and within certain income ranges and industries. In Arizona, we should be supporting solar, biotech, optics and computer hardware and software, and research and development.

- I support targeted tax credits for businesses that create the specific outcomes of creating jobs, retaining in or returning jobs to the U.S. and expanding key industries that offer long-term economic opportunity and stability.

3. Increase Access to Capital for Small Business

Key to our economic rebound is support for small business, and by support, I mean more than just words, I mean capital. Small businesses have suffered terribly from the “credit crunch” and struggle (often unsuccessfully) to convince conventional banks to lend them money. In order to secure their future success, the expansion of our country’s small businesses is paramount. An investment in their wellbeing will maintain jobs and create new jobs, right here on American soil. It is often community banks that are willing to work with local small businesses and as such, a partnership with these community banks is the best way to make more capital available to small businesses in need of loans and lines of credit.

The federal government should work with community and small banks that devote a high percentage of their lending to small businesses to provide federally backed loan guarantees, eliminate fees and make expanded capital available.

President Obama's proposal to expand the "Small Business Lending Fund" in the US Department of the Treasury would do just that, allocating billions of dollars to leverage small business capital enhancement.

It is also important to acknowledge that small businesses are, understandably, nervous about how implementation of the Affordable Care Act's (ACA) health care reform changes will impact their employees and balance sheets. This uncertainty can lead to hesitation on the part of small businesses in moving forward on plans to expand, even if capital is available. Since small businesses currently pay much more than larger businesses for their employees' health care coverage, the provisions of the ACA should eventually bring down small business health care costs. But the federal government needs to increase its outreach efforts to make sure factual information is available to small businesses to make sure they know what affordable health insurance coverage and exchange options are available to them and can make informed decisions. I also support increasing the tax credit for small businesses for the first two years the ACA is in effect to help ease the transition for small businesses and make coverage more affordable.

Expansion of this tax credit will also free up capital and cash-flow flexibility for small businesses during this time of economic recovery.

- I support small business loan guarantees and expanding the availability of federal dollars for small business capital through the Small Business Lending Fund. I further support increasing the ACA's small business tax credit for the first two years of the ACA's implementation to help make small business health care insurance coverage affordable and free up capital for other small business investment and expansion costs.

4. Employ our Veterans

The men and women who stepped up and put their lives on the line for America in the past decade deserve good jobs so that they can support themselves and their families.

Among those who have served in the armed forces since 2001, veterans who served in Iraq, Afghanistan or both had an unemployment rate of 11.6 percent last summer (the most recent statistics). Among male veterans aged 18 – 24 of that group, the rate was a staggering 29.1 percent.

This is simply not acceptable. After what our veterans have sacrificed for us, we need to do more to look out for their futures.

I have worked in the Arizona legislature to support military families by sponsoring and passing legislation that allows veterans to qualify for in-state tuition rates and allows military spouses to immediately qualify for professional licenses when moving here from out of state. These steps are important, but we should also encourage businesses to hire our veterans who are looking for work.

- I support providing tax incentives to businesses to spur hiring of veterans who are on unemployment insurance.

5. Extend the Research and Development Tax Credit

Government support of research and development (R&D) is a key means of promoting private sector growth and job creation.

The threat of partisan, political bickering over military spending also impacts business decision making, expansion and jobs. It reduces investment in military R&D. The R&D tax credit at the federal level provides offsets for investment in technology and products of the future. As a state legislator, I voted to expand the state-level R&D tax credit in Arizona and so I understand the importance of this credit to our high-tech companies. To qualify for the federal tax credit, businesses must increase their R&D spending year over year. Currently, the R&D tax credit is only extended a year at a time by Congress and offers no certainty for long-term capital investment. Extending the credit for 10 years or, better yet, making it permanent would create more predictability in this industry and promote long-term planning and investment. If the U.S. and Arizona are going to compete globally, it will be through innovation, not lower wages. R&D jobs are the highest paying jobs in our economy. R&D jobs are our future.

- I support making the federal R&D tax credit permanent.

6. Make Regulations for Businesses User-Friendly

Government should make it easy for businesses to be successful, especially small businesses.

We must invest in technology that allows businesses to apply for more regulatory permits electronically. These online systems could offer tutorials designed to assist small businesses in applying for federal grants, loans, licenses and permits. Over time, a centralized website where businesses can locate all applications, regulations and filing requirements would be the result, creating a “one stop shop” for simple grants, permits and licenses. In addition, the federal government could provide grants to state and local governments to develop similar systems. This approach would streamline a process that is currently paper- and staff-intensive and allow federal regulatory agencies and agents to focus less on pushing paper through the system and more on addressing regulatory issues.

- I support creating a “one stop shop” for electronic submission of federal regulatory applications and permits to streamline the regulatory system for small businesses. I also support ensuring that information about grants and loans available to small businesses is available in a user-friendly, “one-stop” environment.

7. Restore the Glass-Steagall Act

A stable banking system is absolutely necessary if the private sector is going to have the resources it needs to grow.

Passed after the Great Depression, the Glass-Steagall Act separated ordinary commercial banks (where families park their savings) from risky investment banks (which make complicated and opaque investments). Glass-Steagall kept our banking system safe for over 65 years. Separating commercial banks from risky, high-flying investment banks is the best way to protect the banking system from future financial crises.

Glass-Steagall was repealed in 1999, and despite calls from both Democrats and Republicans to restore Glass-Steagall's separation of commercial banks and investment banks, the Obama administration opposed this reform. This is a bipartisan proposal, and was even supported by Senator John McCain. Sometimes, the key to securing our future can be found in our past.

- I support restoring Glass-Steagall's separation of commercial banks and investment banks in order to protect consumers from banking failures like those of 2008.

8. Crack Down on China Currency Manipulation

The U.S. Treasury Secretary has the authority to designate China as a "currency manipulator" and impose harsher sanctions, but Treasury Secretary Geithner has so far not done so. China's currency manipulation allows Chinese exporters to gain a huge competitive advantage over U.S. businesses, which ultimately costs U.S. jobs.

- I support cracking down on China's manipulation of currency, which puts U.S. businesses at a competitive disadvantage to Chinese exporters.

9. Encourage Employers to Pay Off Student Debt

It is time to provide tax incentives, through the payroll tax deduction, to employers who are willing to expedite repayment of their employees' student loan debt or reduce their interest rate.

Currently, an unrelated temporary reduction of the payroll tax of up to \$2,000 per wage earner is in place but it is set to expire this year. As this tax goes back on the books, a portion of that revenue could be used to fund tax incentives for businesses to help employees with student loan repayment. The faster workers can pay-off student loans, the faster they can afford new houses, cars and other consumer goods. Creating an incentive for businesses to help employees pay off student loans would have a stimulating impact on the economy and would significantly benefit middle class individuals and families. It will also help businesses in key industries that offer long-term economic stability attract employees.

- I support providing employers in key industries tax incentives to encourage them to help employees pay off student loan debt.

10. Create a National Infrastructure Bank

Government can partner with the private sector to address our economy's long term needs, and improve the infrastructure of our future success.

The federal government should charter an independent bank focusing on infrastructure development that would use public money to leverage private investment. Such a bank could support high-speed rail, large solar installations, school modernization, airport and highway improvements and other large-scale infrastructure projects. These projects will be a boon to many small businesses: construction companies, design firms and general contractors.

- I support the creation of an independent federal bank to focus public and private investment in redeveloping American infrastructure in order to create jobs and improve the foundation of the U.S. economy in the 21st century.

11. Spur Public Infrastructure

We can spur economic growth by creating programs to support key local government services and infrastructure.

The next wave of economic stimulus funding should assist states to hire teachers, police and firemen as well as pay construction workers to rehabilitate homes that are being foreclosed upon. It is also time to modernize K-12 classroom facilities and make investments in wireless and other Internet technologies to serve schools and disadvantaged communities. Training the workforce for the next generation is critical to maintaining our economic edge—we must not allow American businesses to fall behind because we shortchanged our kids' schools.

We should also prioritize projects that make demonstrated improvements in our business competitiveness: roads and bridges that facilitate commerce, airports that open up markets, hi-tech investments that make businesses more efficient.

Additionally, the federal government must take a more long-term approach to infrastructure planning, and ensure continued investment. The availability of funds for transit and road projects is always in question as Congress reauthorizes the Transportation Act for very short periods of time (the recent passage of the Act covers two years of funding). This limits capital investment in roads and costs jobs. The same principle applies to student loans, defense contracting, and solar energy development.

- We should support continued, renewed and expanded federal investment in public infrastructure to create immediate jobs in the private sector. There must be accountability to guarantee those dollars are spent quickly and appropriately. Further, I support a multi-year authorization of the Transportation Act to provide more predictable funding for transit and highway projects to ease planning, construction and the jobs it creates.

12. Waive Unemployment Interest that States Owe the Federal Government

Arizona is one of many states grappling with high unemployment and unemployment benefit rolls. Currently, Arizona and a number of other states owe the federal government for debts to the unemployment compensation program. These debts, along with interest owed, are paid by raising taxes on employers. The federal government should waive interest payments for states and provide longer terms to repay the federal loans. This would reduce taxes on businesses and reduce disincentives for job creation.

- I support waiving the interest payment on renegotiating the repayment terms for states' unemployment benefit loans.