

Tucson Citizen

Stimulus plan gets thumbs up from local leaders

They give views in meeting with U.S. Rep Giffords

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The economic stimulus package announced Thursday may be short-sighted, but some Tucson business leaders agreed that it is the right move.

Those who have been around a while had another message: We'll get through this.

Men and women from different industries joined U.S. Rep. Gabrielle Giffords, D-Ariz., for a round-table discussion of the package at the Tucson Metropolitan Chamber of Commerce. Congressional leaders and the White House hammered out a deal hours before the discussion began.

The stimulus package, which Giffords noted must still get an OK from the Senate, includes tax rebates for individuals and families up to \$1,200, business tax write-offs and help for the housing industry.

Giffords said she wanted to get an idea of how the package, which Congress hopes to fast-track to a vote in February, would help in Tucson and around the state.

"I do think a stimulus is needed, but it ought to be temporary," Paul Portney, an economist and dean of the University of Arizona Eller College of Management, said. "This is about right."

The majority of the \$150 billion package is tied to tax rebates, Giffords said.

And while a check for \$300 might not improve one person's financial well-being, when all of the money is pumped into local businesses, it will have an impact on the economy, she said.

Perhaps more important, the idea that something is being done to forestall a recession may make people feel better, which in turn may make them more likely to spend more, she said.

Some at the round-table said the stimulus package sends the wrong message.

"I'm not a great fan of crisis management, and this being an election year, everyone is trying to top themselves," said Chris Monson, president of Rocking K Development Corp.

"We've been trying for a long time to promote savings," he said. "Now we're telling people who haven't managed their money well, 'Here's some more to spend.' I'm very concerned about a quick fix. The systemic issues are much more serious."

Bonnie Allin, president and CEO of the Tucson Airport Authority, said bills languishing in Congress are keeping airports and other entities from getting funding for expansion. Other business incentives and longer-term investment, especially in industries with great promise in Arizona, such as renewable energy, were seen as necessities for economic improvement, but things that need to be tackled separately.

Lawmakers can't start adding earmarks to a stimulus bill, Portney said. That just stalls the process.

"Eventually the stimulus package comes into force long after the crisis is over," he said.

No one can say for sure how far into a downturn the United States is, but the business cycle will continue and the economy will grow again, round-table participants said.

"This one seems a little different," said Valerie Rauluk, CEO of Venture Catalyst Inc., a consulting company. "Maybe this is the one where we shift from being greedy and start to build an economy that focuses on community and getting needs met, focusing on the future."

ADDITIONAL INFORMATION

Elements of the stimulus package

Congressional leaders have a tentative deal for a bipartisan economic stimulus package that could move swiftly through Congress.

WHAT'S IN

- Tax rebates: Checks of at least \$300 for almost everyone earning a paycheck, including low-income earners who make too little to pay income taxes, so long as they earned at least \$3,000 in 2007. Families with children would receive an additional \$300 per child, while those paying income taxes could receive higher rebates. The full rebate would be limited to individuals earning \$75,000

or less and couples with incomes of \$150,000 or less, but a partial rebate would go to individuals earning up to \$87,000 and couples earning up to \$174,000. The caps are higher for people with children.

- Business tax write-offs: Spur business investments with bonus depreciation and more generous expensing rules.
- Housing rescue: Allow more subprime mortgage holders to refinance into federally insured loans by raising the limit on Federal Housing Administration loans from \$362,790 to as high as \$729,750 in expensive areas. Increase the availability of mortgages by providing a one-year boost to the cap on loans Fannie Mae and Freddie Mac can buy, from \$417,000 up to \$729,750 in high-cost markets.

WHAT'S OUT

- Permanent tax cuts: Republicans conceded that their top priority would have to be left out.
- Unemployment insurance: Democrats wanted to extend benefits past 26 weeks.
- Food stamps: A boost for benefits.
- Medicaid: Democrats gave up on including Medicaid payments to states.
- Low-income heating subsidies: Democrats are surrendering the fight to include them.
- Infrastructure spending: Spending on transportation or repair projects already under way is off the table.
- Republicans' proposal to allow businesses suffering losses now to reclaim taxes previously paid, appeared likely to be dropped because of its high cost.

The Associated Press

Round-table participants

Fourteen business leaders sat down with Rep. Gabrielle Giffords to discuss the economic stimulus package.

- Paul Portney, dean, University of Arizona Eller College of Management
- Michael Hanley, president, Bank of Tucson
- Xavier Manrique, Wells Fargo Bank
- George Favela, director of community affairs, Qwest
- Maricela Solis de Kester, president and CEO of the Tucson Hispanic Chamber of Commerce
- Valerie Rauluk, CEO, Venture Catalyst Inc.
- Anne Mehochko, vice president of public policy, Tucson Association of Realtors
- James Tsighis, associate broker, Realty Executives
- Dave Naugle, administrator, corporate public affairs, Southwest Gas Corp.
- Robert Ramirez, president and CEO, Vantage West Credit Union
- Bonnie Allin, president and CEO, Tucson Airport Authority
- Chris Monson, president of Rocking K and owner of the Aberdeen Group
- Jim Mize, Pima County One Stop
- Paul Parisi, vice president, Tucson Metropolitan Chamber of Commerce

Who benefits from the rebate plan

How Americans in different financial situations would fare under the rebate plan proposed by House leaders and the White House.

- An individual with \$2,500 in earned income in 2007: Disqualified because income fell below the \$3,000 threshold. No rebate.
- A married couple with no children, with adjusted gross income of \$100,000 in 2007: Would qualify for the full \$1,200 for couples. A \$1,200 rebate.
- A worker with one child, who earned \$9,000 and owed no taxes in 2007: Would qualify for the \$300 rebate available to individuals who pay no taxes but earned at least \$3,000, plus an additional \$300 for the child. A \$600 rebate.
- A couple with income of \$145,000 in 2007, with three children: Would qualify for the full \$1,200 for couples, plus \$300 for each child. A \$2,100 rebate.
- A couple with income of \$160,000 in 2007 with two children: Would qualify for a partial rebate, reduced by 5 percent for every \$1,000 in income above the \$150,000 threshold. An \$1,800 rebate - \$1,200 for the couple plus \$300 per child - would go down by 50 percent for this family. A \$900 rebate.
- A couple with income of \$200,000 and four children: Disqualified because their income exceeded \$174,000, the phase-out limit. No rebate.
- An individual with adjusted gross income of \$23,000 and no dependents would get a rebate of \$600.
- A couple with adjusted gross income of \$160,000 and two children would get a rebate of \$1,300.
- A couple with adjusted gross income of \$184,000 and two children would get a \$100 rebate.