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Executives ask panel for federal tax breaks

Maryland business executives are urging congressional leaders to revise some federal tax codes they say are outdated.

Fred Rosenthal, president of Jasper's Restaurants, which has several locations in Maryland, and Drew Greenblatt, president of [Marlin Steel Wire Products](#) of Baltimore, were among those who spoke at a recent hearing before the U.S. House Committee on Small Business.

Current tax codes allow commercial real estate, which includes restaurants, a life of 39.5 years over which they are written off, which is much too long, said Rosenthal, past board chairman of the Restaurant Association of Maryland.

About 70 percent of the roughly 945,000 restaurants in the nation are single-unit operators and can use all the help they can get, he said.

“Restaurants operate on industry average margins of 4 to 6 percent, and every penny counts, especially for small businesses and independent restaurateurs,” Rosenthal told the committee. “Depreciating property over a shorter amount of time has a direct impact on a restaurant’s bottom line by allowing a restaurateur the immediate cash flow to reinvest in their business.”

Changes have been made in other industries, including some that directly compete with restaurants, he said. Food services in amusement parks have a depreciation schedule of only seven years, while gas stations and convenience stores are allowed 15 years, said Rosenthal, who spoke on behalf of the National Restaurant Association.

He called for Congress to pass HR 3622, a bill that would allow a 15-year depreciation schedule for new restaurants and improvements to existing ones. The measure has 137 co-sponsors.

This year the restaurant industry is expected to generate an estimated \$558 billion in sales nationally, an increase of 4 percent from 2007, according to the National Restaurant Association. Restaurant employment is expected to grow by 2 million to 14.8 million from 2007 to 2017.

Maryland's restaurants saw revenue of \$8.1 billion last year, and employment is expected to grow by 33,000 to some 263,000 by 2017, according to the industry group. Restaurants employ about 9 percent of workers in Maryland.

Greenblatt, whose company manufactures wire baskets and hooks, called for making federal income tax cuts permanent, providing a permanent research and development credit and repealing the 3 percent withholding requirement on government contracts. He spoke on behalf of the National Association of Manufacturers.

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