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## Want businesses to start hiring? Lift payroll burden

By Drew Greenblatt

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Last week, Maryland officials sent letters to all employers in the state that will have the effect of inhibiting business owners, like me, from hiring new employees or retaining current ones.

How? They doubled our unemployment insurance tax - in the case of my business, to 4.2 percent of every employee's salary - at precisely the wrong time: in the middle of a recession. This penalty of an additional 2.1 percent makes it that much more expensive for me to use local people to weld and bend wire, to ship our baskets and hooks, to keep our books, and to figure out our tax bills. So I am encouraged to outsource our work to shops in Pennsylvania and to buy robots, which don't incur taxes. This is crazy.

I am a manufacturer in Baltimore. I hire Baltimore residents. And yet my government is working against people like me. Why?

The disconnect between Maryland officials and reality is stunning. Think of it: Companies worldwide are firing employees; foreclosures are skyrocketing; banks get money from the government and don't lend it to people like me. What's the fix? Penalize me for every employee an extra 2.1 percent!

In my case, this costs Marlin Wire an extra \$30,000 per year. Of course, it's not just me. People meeting payroll every week will be affected - they will have a reduced interest in hiring people.

Wouldn't it be better for Baltimore and for some unemployed fixture maker/welder/foreman if I were to hire someone with that \$30,000?

U.S. companies have so many disadvantages already. Our corporate taxes are higher than in France and Germany. Our labor costs are much higher than in places such as China and Mexico. These disadvantages mean we are less likely to take a chance and hire people from the unemployment rolls.

State officials should suspend the unemployment tax, not increase it, so we have less unemployment in Maryland. In concert, [President Barack Obama](#) should suspend collection of Social Security and Medicare taxes for a limited period, so that hiring people is more attractive. If we have enough people working, we have a better shot at curing all of our other problems.

If these things were done, companies would retain more employees. They would look at hiring with renewed interest, as a 10 percent off sale would be going on for the hiring of new talent. This might set off a hiring binge by the private sector. In addition, employees relieved of the burden of these taxes would feel as if they had a pay raise. They would be able to pay down debt or save more. The simultaneous change in circumstances of employers (commencing a hiring binge) and

employees (getting a pay raise) would jump-start the economy and get us out of this economic funk.

Sound radical? Well, do you think the current plans are working?

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