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What the Bailout Bill Means to Small Businesses

I originally was going to post this last week. Something held me back. I think it was the anger I felt at the bill and with US citizens being stuck with the tab. As my best friend once told me "be careful what you put out on the internet as it will stick around forever."

This one has been tough for me. For some time we have been hearing about the financial markets collapsing. We hear about possible government bailouts. We have to wonder where the next collapse is going to come from

On one hand I fear the government doing nothing. If the banking system collapses the results could be catastrophic. The damage to everyone's savings and retirement would be profound. The blow would crush our economy and would drag down economies around the world.

On the other hand I firmly believe in the free market. In my experience (and looking back at history) government intervention almost always makes matters worse. Americans are at our best when we are solving our own problems and that is easier when the feds keep away.

When I look at the bill that was proposed-and passed-my initial thought was hallelujah. Then the exuberance settled down. I realized that I knew nothing about the proposed bill. 24 pages had sprawled to 442 pages of legal jargon. No help there unless I need help curing my insomnia.

I've been reading articles and listening to the experts. The general dislike of this bill is growing and cuts across party lines. With an estimated potential cost of \$1.8 trillion it may cost each household \$17,064 to finance (source: Reuters).

CNET had a [good article](#) about the bailout bill. It broke it out based on expenditure and discussed some of the non-bailout measures. It does a great job laying things out and I recommend you check it out.

This may just be the tip of the iceberg

California has already said the state may need \$7 billion. Why? Because their \$14 billion (or more) annual deficit has driven them to the brink of bankruptcy. My concern is that other states will step forward as well.

Then there are the other industries that have been hurt by this subprime downturn. Now that we've saved the financial industry, what's next?

So where does this leave a small business owner?

I see increased taxes to finance this financial behemoth. This will be an added burden on businesses and may (in the long term) hurt our economy. It also will make it more important to make the most use of corporate (including LLC) structures to help minimize your tax burden.

It may speed up the return to credit fluidity. This would be good news for everyone. The problem is that it doesn't appear to be working yet but it would be unrealistic to expect things to improve overnight.

I am concerned with increased scrutiny from the IRS. While I never advocate tax evasion I don't think increasing IRS powers is good for anyone. Even if you are 100% correct with your returns an audit is daunting and expensive. As entrepreneurs we need to be focusing on our customers and growing sales, not getting buried by paperwork and red tape.

The bill may also create opportunity.

The most obvious area is in real estate. The government will be offloading billions in subprime assets. I see a market in buying mortgages at pennies on the dollar or in foreclosed properties. This could be massive.

This can also create a whole support industry. How do you find and evaluate these properties? How about

packaging chunks of properties? All of these foreclosures will need significant repairs and upgrading. This will help drive the construction market.

Increased IRS power will revitalize the tax preparation market. Demand for tax attorneys and accountants will increase. There will also be a need to have improved tax planning. As our tax bills increase we will need to **legally** find ways to relieve the burden.

There are also opportunities with the green initiative. Increased tax credits will drive clean energy development. It will also drive it down to the consumer as they find more incentive to install solar panels and energy efficient appliances.

What do you think?

This is what I've found in my research. It is my conclusion based on the input I've received and filtered by my past experiences. What I want to know is your opinion. Do you see the bailout as good or bad...or maybe a necessary evil? Did I miss any parts of the bill in my synopsis? What impact do you see this having for entrepreneurs? Where do you see this creating opportunity?

You can also find this article published on [What the Bailout Bill Means to Small Businesses](#), and on the tag pages [Entrepreneurship](#).