

Legislation That Would Benefit Trade and Southern CA Businesses

International trade is a critical to Southern California's economy providing 5.3 percent of the jobs in Los Angeles County. In the San Gabriel Valley, the impact of international trade is even greater - 6.7 percent of the jobs depend on international trade. It is estimated that 97% of the 300,000 businesses that export are small to medium sized businesses that also provide most of the job growth in the US. Tariffs and regulations can inhibit trade. Currently there are two pieces of federal legislation under consideration which could have huge positive impacts on international trade and Southern California's economy:

1. The Trans-Pacific Partnership (TPP) Trade Agreement and
2. The Export-Import Bank (Ex-Im) Reform and Reauthorization Act.

The TPP is a large trade agreement that would include many countries. This would address today's import and export products like financial services, telecommunications, intellectual properties, etc. However, we need to ensure these agreements do not affect American job growth and also protect small businesses.

The second piece of legislation is a bill to reform and reauthorize the Export-Import Bank of the U.S. The Ex-Im Bank is the "official credit agency" of the U.S. It fills the financing gap for companies that cannot access private financing. It's been around for

eight decades and since 1990, transactions enabled by the bank have repaid the U.S. Treasury \$7 billion more than the bank received in appropriations. It has a low default rate and holds reserves of \$4 billion to cover losses.

A concern on this legislation is that it supports big businesses. However, it directly serves almost 9,000 small businesses. Also, the benefit it brings to big businesses can also be dynamic to small businesses who serve those larger companies. International trade can help both simultaneously if applied appropriately through thoughtful and well applied legislation.

Source: Source: Pasadena Star News, Cynthia Kurtz President SGVEP

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**Current SBA 504 Rate for
April 2015 is 4.60%**

Economic Impact of Repealing 1031 Exchange Rules

Ernst and Young conducted a survey to determine the economic impact of repealing like-kind exchange rules currently proposed in congress. The Study finds that repeal of Section 1031 results in less federal revenue, shrinks the economy by \$8.1 billion, discourages investment, negatively impacts the overall economy with an unfair concentration in certain industries, burdens certain businesses and taxpayers and is at cross-purposes with the goals of tax reform.

The analysis finds that repeal of the like-kind exchange rules would increase the cost of capital in the economy, even when combined with lower tax rates. The higher cost of capital is found to discourage business investment which adversely affects the overall economy. It would subject businesses that rely on these rules to a higher tax burden which would then cause them to hold on to properties for a longer period of time which would result in relying on debt financing and

less productive use of capital into the US economy. Many affected businesses are in pass-through form, which would not receive a benefit if the revenue from repeal of like-kind exchange rules is used to finance a lower corporate income tax rate. This is also expected to have an effect on labor income which could result in loss of US jobs.

Source: Asset Preservation Newsletter- Ernst and Young Study March 2015

Featured Property: JUST SOLD!



19523 E. Cypress Ave Covina, CA 91724

Office building will be completely renovated and improved to a dental use.

Two Separate buildings with excellent onsite parking.

Located at Cypress and Grand Avenue.

Please contact me if you would like information on market availabilities or a Broker price opinion for your property.

Represented Buyer



Linda Vidov-Elkaim (CA Broker Lic. #1715788)

Linda specializes in commercial and industrial sales and leasing throughout the San Gabriel Valley. She has extensive knowledge in 1031 exchange transactions, investment opportunities, and market analysis. Feel free to contact Linda with any questions or requests for information.

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