DAYTON Area Chamber of Commerce

VOICE OF BUSINESS

R&D tax credit essential for Dayton businesses

Chris Kershner
President and CEO
Dayton Area Chamber of Commerce

The legacy of the Dayton region is one of innovation, small businesses, entrepreneurs and exercising calculated business risks. This culture and environment was alive in the year 1900, and it has evolved and embedded itself in the DNA of our business community in 2023.

Since 1981, the federal government has supported this business culture through a research and development tax credit that incentivizes and supports innovation by aligning research and development expenditures for small businesses with a research development tax deduction in the year in which the expenses incurred.

Then, 36 years later, the 2017 Tax Cut and Jobs Act required this annual tax deduction to be amortized over five years and this new law took effect for the 2022 tax year. This change not only reduces the tax benefit by 80% annually for our business community, it will shut down research and development for small businesses and have a disproportionate impact on the Dayton area, as R&D has been critical to our business community.

This tax deduction is more than just a nice incentive for businesses, it has been essential for offsetting the cost related to research and development for small businesses, and it is vital for innovation and continued product development.

This is especially important for the Dayton region, as we have cultivated an ecosystem for decades that supports innovation commercially and incentivizes innovation that ensures the U.S. Department of Defense and the United States Air Force have dominant global technologies.

There are substantial costs for small businesses in developing, evolving and innovating new products. This R&D is worth the risk for these companies if the tax environment helps to offset the cost and there is opportunity for commercial success.

Without this full annual tax benefit in place, small business innovation will be stifled, research will decelerate and ultimately production will be impacted. While the United States debates this issue, countries like China have aggressively moved forward in this area, allowing direct R&D expenses to be deducted, and they are also providing an additional deduction of up to 100% of R&D expenses.

What's the answer? It is important that Congress acts quickly to pass legislation that will immediately repeal the R&D five-year amortization requirement to support small business growth and innovation. Businesses throughout the Dayton region and the nation are being severely impacted by this change and it is critical that we keep the tools in place that support our Dayton area business community. We can cannot stifle this innovation as a country while other nations advance.

DAYTON AREA CHAMBER OF COMMERCE AMPLIFIES THE VOICE OF THE DAYTON REGION THROUGH ADVOCACY

The Dayton Area Chamber of Commerce's membership spans 2,200 businesses and organizations across a multitude of industries. With this, the chamber truly is the voice of the business and works with our members to understand any legislative barriers or needs specific to their industry. Our Legislative and Regulatory Affairs Committee reviews member input and then creates the agenda for that legislative cycle. The chamber's on-staff lobbyists work with local, state and federal officials to further the region's pro-business initiatives within the agenda. Here are 2023-2024 Legislative Agenda & Regulatory Priorities for the Dayton Area Chamber of Commerce:

- Workforce & talent development
- Equity & inclusion
- Business attractiveness
- Infrastructure & transportation
- Military & veteran attractiveness

Why is this a need for the Dayton region?
Supporting legislative initiatives impacts the economic growth and vibrancy for the region. In turn, employers are able to attract top businesses and bring quality talent to our area.

Housing

continued from D1

conversions. And Seattle launched a competition in April for downtown building owners and design firms to come up with conversion ideas.

In the nation's capital, Mayor Muriel Bowser has made office-to-housing conversions a cornerstone of her plan to repopulate and revitalize downtown. Her "comeback plan" for the capital city, announced earlier this year, seeks to add 15,000 new downtown residents, in addition to the 25,000 who already live here.

"Our job is to make sure that we are getting more people downtown," she said at the time.

But the conversion push has some skeptics. Housing advocates worry that the affordable housing requirements could get watered down. And even advocates of the model say giving tax breaks to wealthy developers isn't the best tool to achieve the goal.

"Developers who feel it's going to benefit their bottom line will do it without an incentive," said Erica Williams, director of the D.C. Fiscal Policy Institute. "This is a very costly proposal for an unproven program."

And, as increasing numbers of employers turn to hybrid work models, there's the question of persuading people to live downtown if they're not required to be there every day.

"You have to make downtown a neighborhood – somewhere that's living and playful and active," Pittsburgh Mayor Ed Gainey told a panel at the United States Conference of Mayors meeting last January.

Jordan Woods, a 33-year-old federal government contractor, moved to a downtown Washington apartment in 2019, attracted in part by the appeal of walking to work. But then came the pandemic. Downtown, he said, was "like a moonscape" for more than a year.

"And even before the pandemic it was still missing basic stuff like playgrounds and dog parks and a real non-Whole Foods grocery store that I could walk to," Woods said. "I wouldn't say I regret it, but if I was considering the same move right now, I'm not sure I would do it."

Chuck D'Aprix, principal at Downtown Economics, a development consulting firm, said businesses and services like mid-size affordable grocery stores and day-care centers, pet supply stores, hardware stores and auto repair garages are needed to attract people to make the move. And they need to stay open past regular office hours.

"A lot of those services simply aren't available right now in small city downtowns or mid-sized city downtowns, you know, they close up at night," D'Aprix said.

Construction workers update the roofing on a high rise in New York's financial district for the building's conversion to residential apartments. It's part of the latest strategy among cities aimed at enticing people back downtown. ASSOCIATED PRESS

But with vacancy rates at downtown office buildings continuing to rise, from 12.2% in the fourth quarter of 2019 to 17.8% in the first quarter of 2023, according to the real estate firm CBRE, there's an urgency to do something.

In New York City, where the vacancy rate is 15.5%, Mayor Eric Adams announced in January a plan to bring 500,000 new homes to the city including what he calls rent-restricted units.

A key piece of that plan is to rezone parts of Midtown Manhattan which currently only allow office and manufacturing spaces. The mayor's office also is pressing for approval of tax breaks that would entice developers to invest in conversions that include affordable units and other changes. Deputy Mayor Maria Torres-Springer said the conversions could help "make a dent in this dire housing crisis that we've been in."

Conversions are credited with turning lower Manhattan from a neighborhood that shut down at dusk into a sought-after destination for both families and foodies.

"All of a sudden, you just saw strollers and dogs, so obviously that means that people are not just coming to work. They're actually coming to stay," said Ross Moskowitz, a partner at the Stroock & Stroock & Lavan law firm who specializes in real estate, land use and public-private partnerships.

But there are challenges.

"Converting buildings is not easy," said Luke Bronin, the mayor of Hartford, Connecticut. "There are a lot of buildings that just aren't conducive."

Issues include access to natural light and air, the absence of balconies and the need to install hundreds of bathrooms and kitchens, along with the accompanying plumbing, in buildings often constructed with just two large bathrooms per floor.

There also can be environmental issues, like asbestos, said Anoop Davé, the CEO of Victrix, a real estate investment management development company specializing in converting mostly vacant office buildings into residential buildings and hotels.

Safety

continued from B1

North Dakota, Ohio and Wisconsin, it was announced last week.

The findings at the stores, operated by Dollar General Corp. and Dolgencorp LLC, add $3.4 million in proposed penalties. Since 2017, there have been 240 inspections at Dollar General stores nationwide, resulting in more than $21 million in fines, federal officials said.

"Dollar General continues to expose its employees to unsafe conditions at its stores across the nation," said OSHA Assistant Secretary Doug Parker. "As one of the nation's largest retailers, the company must focus its attention on resolving these issues and making corporate-wide changes to protect the safety and well-being of the people they employ."

The Dixie Drive Dollar General is one of three locations that business has in Kettering. It declined to comment.

The Dixie store was found to have exit routes, fire extinguishers and electrical panels blocked by merchandise and other materials in November 2022, according to the labor department.

The agency issued citations for three repeat violations for fire and electrical hazards with $270,116 in proposed penalties at the Kettering location, according to the announcement.

The company has 15 business days from receipt of its citations and penalties to comply, request an informal conference with OSHA's area director or contest the findings, authorities said.

Scene 75

continued from D1

Five Star acquired all five Scene 75 locations in Chicago, Cincinnati, Cleveland and Columbus, in addition to the local location.

With the acquisition, Five Star expands its portfolio to 25 family entertainment centers in 12 states.

"We are pleased to welcome Scene 75 to the growing Five Star Parks family," John Dunlap, Five Star chief executive, said in a release last week. "We have long admired Scene 75's commitment to providing high-quality, innovative entertainment experiences for families and are excited to continue that tradition."

County records put the building in the Vandalia city tax district and in the Butler City Schools district.

Contact this reporter at 937-681-5610 or email tom.gnau@coxinc.com.

TECHNOLOGY

Tracking layoffs becomes his hobby

Lora Kelley
©2023 The New York Times

A short list of moments in the day when Roger Lee is thinking about layoffs: while waiting for someone to show up to a Zoom call. After his two young children have gone to sleep. At 5 a.m., before his first meeting of the day.

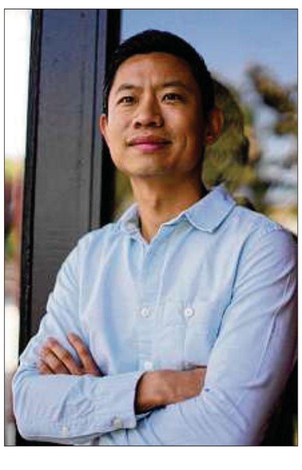
Since starting Layoffs.fyi as a side project at the start of the pandemic, he has cataloged nearly 450,000 tech layoffs in a public spreadsheet, updating the list whenever he can find a few minutes.

Though Lee, 36, reads bad news constantly, he remains a stalwart optimist about tech. He recognizes the pain that layoffs cause, but he also thinks the industry will "100%" bounce back.

And Lee believes that talking openly about layoffs in the industry he loves is healthy.

"The reduced stigma has the potential to be really positive," he said. If people are speaking openly about layoffs, he reasons, workers can find new jobs efficiently.

Layoffs.fyi is both a symptom and a cause of a cultural shift toward transparency about layoffs in tech. Though Lee would never claim his site is the only force driving this trend, he does think that it has helped workers put their own layoffs in context – and has helped the public understand the downturn. After tech companies fought to scoop up top talent during the pandemic, rapidly rising interest rates pushed companies to start making drastic cuts this year and last.



Roger Lee, creator of Layoffs.fyi, believes talking about layoffs in the tech industry he loves is healthy. JIM WILSON / THE NEW YORK TIMES

"Having this website engenders more transparency," said Nick Bloom, a professor of economics at Stanford. As so many tech workers are laid off in Silicon Valley, he added, "the stigma has almost totally evaporated."

Over the past three years, Lee's site has become a meaningful resource. Recruiters scour the listings for talent after big layoffs, and workers post their information when they lose their jobs.

Tim Sackett, who runs an IT and engineering staffing firm, said looking at Layoffs.fyi saves him "a tremendous amount of time," because it points him to workers who are actively looking for jobs.

Media organizations, including The New York Times, often cite Layoffs.fyi as a source for the latest tech layoff figures. While the Bureau of Labor Statistics shares data on layoffs in various sectors, it does not track them at venture capital-backed startups and tech companies in real-time. So Lee helps fill the gap.

"It does feel weird," he said, "to be the bearer of bad news." But he has kept going. He said his site gets at least 1 million views per month, and more than that in busy periods with a lot of layoffs.

Lee had been following layoffs in an informal way since 2015, as he looked for talent to hire at his previous startup. When the pandemic hit, he was on parental leave. He thought that maybe others would find his process useful.

"My original motivation was to be helpful," he said. At the time, he added, he was struck by the volume of layoffs occurring.

"I thought, wow, seven in one week, that's so many." Soon, the layoffs – and the demands of updating the tracker – accelerated. By April 2020, he said, "I was spending all of my baby's nap times updating the site."

Lee runs Layoffs.fyi as a hobby, and he spends money on it. In addition to his time, he estimates that he spends $200 each month on its servers. He said he has declined to run ads, though he has been approached.

But the site's popularity did help give him the idea for a new company: Comprehensive.io, which tracks compensation in tech job postings, on a public list.

He considers Comprehensive.io to be the inverse of Layoffs.fyi: It focuses on opportunities, not cuts.

"I likely wouldn't have come up with the latter without the former," he said.

"Part of what gave him the intuition that people would find the pay transparency data interesting is how interesting people found the layoffs data," said Teddy Sherrill, Lee's longtime friend and a founder of Comprehensive.io.