

# Businesses hit state costs, competition

By Tim Richard  
staff writer

Small-business owners — known as "job providers" to Republican legislators — fear state-mandated paid leaves for childbirth and state competition as among the top threats to their success.

Michigan's product liability laws and the difficulty of raising capital were next on the list of eight Oakland County men and women who talked Friday to a House GOP task force on jobs and competition.

"We're taking time to get out of Lansing and hear from the job providers," said Rep. Gordon Sparks, R-Troy, who chaired the 90-minute hearing in the Troy public library.

By working around the bipartisan committee structure, minority Republicans hope to have a stronger influence on the House agenda, he said.

SMALL-BUSINESS owners particularly blistered House Bill 4504 to require employers to provide paid leave to parents for childbirth or adoption.

"I can't replace anyone for 18 weeks," said Patricia Lewis, chief executive of the family-run Berkley Sewing Machine Products in Rochester Hills. Her 38 employees are almost all technical men.

"What do I say to my customer who asks 'Where are my parts?' Do I say 'They're off on parental leave?' I don't know how long I can stay in



Rep. Gordon Sparks  
task force chief

business if they have mandated parental leave," Lewis said. Rep. David Honigman, R-West Bloomfield, asked if there weren't a Kelly Services for industrial workers. "No — not for screw-machine men," Lewis replied.

Ed Powers, K Mart's manager of governmental relations in its Troy world headquarters, said parental leave would set "a dangerous precedent."

The bill is sponsored by Rep. Mary Brown, D-Kalamazoo, and is in the House Labor Committee. So ad-

mant are Republicans in their opposition that the task force's written report said, "The mere introduction of bills perceived as anti-business can have negative consequences."

JAY SWEENEY, owner of Marketechnics in Bloomfield Hills, said a poll of the National Federation of Independent Businesses in Michigan, showed their number-one concern was "no mandated benefits" by government.

NFIB's second concern was competition from government.

That was underlined by Bethanne Simpson, owner of Avon Art & Graphics in Rochester. Her firm owns a \$200,000 computer for making slides and visual presentations. Most of her clients are businesses, but she deals with one unidentified state department. That department told her it's shopping for an identical computer to do the work in-house.

"I paid for my equipment. I provide excellent service," Simpson said. "I don't want to pay for that again through my tax dollar — and lose business."

The GOP task force said in six earlier hearings business people had complained about competition from state prisons, schools and colleges in such areas as manufacture of furniture, travel agency services, wholesale purchase and sale of personal computers, prison remodeling work and highway maintenance.

K MART'S Powers called for reform of product-liability laws.

"Retailers have had punitive damages awarded against them and been found jointly and severally liable in certain situations where they did not know there was anything wrong with a product and did not participate in its design or manufacture. Retailers would favor abolition of joint and several liability," he said.

Under that doctrine, a defendant in a product liability suit could wind up paying 100 percent of the cost even if the defendant were only 10 percent liable.

Even where the retailer is eligible for reimbursement from the manufacturer, Powers said, "our problem is the payoff to get out of the suit."

RAISING CAPITAL is tough for small firms lacking physical assets, said Jack Yeaton, president of Merit Systems in Troy. The 250-employee firm provides custom software to businesses.

"The financial infrastructure (lenders) finds it difficult to understand the service industry," said Yeaton. "They count trinkets in warehouses. They can't see people as assets."

Mark Davis, owner of Punchline's restaurant in Birmingham, said he approached five banks for a loan when he had to move and found their loan officers had virtually no ex-

pertise about restaurants.

"The ones (restaurants) who want to do it don't have the money. The ones with the money don't know how to do it," said Davis, who finally got the maximum allowable \$500,000 through the Michigan Strategic Fund.

Rep. Honigman drew laughter when he said, "I never actually met a live person who got a MSF loan. Was it at or below the market rate?" "Below," said Davis. He added that applying through the state and local economic development corporations was "confusing" and re-

quired an enormous amount of paperwork.

MIKE MORTON of Ludot Personnel Services in Southfield said a recent governor's conference on small business identified access to capital as a major problem, along with competition from government.

Morton said BIDCOs (business and industrial development companies) are capitalized at \$3 million but should instead be capitalized at no less than \$10 million. BIDCOs are a new type of lending institution between a bank and a venture capital firm.

## Survey starts on adult ed

Volunteers today will begin surveying Oakland County residents for their opinion's about adult and continuing education programs.

The sampling will be done in every community, said Dr. Robert Rodgers, coordinator of adult and continuing education for the Oakland Intermediate School District.

Results will be used to assess programs and services already offered and for planning future programs, he said.

Local directors of continuing education programs will assess the results from their areas and compare them to countywide results for planning purposes.

"We monitor the views of those

adults now involved in community education," said Rodgers. "We hope this survey will help us reach even

more residents. Community education directors will make reports of the results."

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