

# CARIBBEAN E-OUTLOOK

June 2010

## INSIDE THIS ISSUE:

<i>Health Reform News</i>	1
<i>Message from the DD</i>	2
<i>Upcoming Events</i>	2
<i>2010 Small Business Person of the Year</i>	3
<i>Jorge Silva-Puras Sworn in as R2 Administrator</i>	3
<i>PRVI Loan Production</i>	4

Caribbean E-Outlook is a publication of the U.S. Small Business Administration Puerto Rico and U.S. Virgin Islands District Office

**José R. Sifontes**  
District Director

**Angelique F. Adjutant**  
Editor

**Volume # 8, Issue # 2**  
To subscribe to this newsletter and other SBA publications visit <http://web.sba.gov/list>

Helping small businesses **start, grow** and **succeed.**



Your Small Business Resource

## Six Ways Health Reform will Help Small Businesses

### 1. Establishes a Small Business Health Care Tax Credit to Help Small Businesses Afford the Cost of Covering Their Workers.

**Status Quo:** Small businesses face high costs in providing health insurance to their employees and small businesses face higher costs and few incentives to offer health insurance coverage to employees.

**Solution:** A new tax credit takes effect immediately to help cover premiums small businesses pay. The Small Business Health Care Tax Credit can cover up to 35 percent of the premiums a small business pays to cover its workers. In 2014, the rate will increase to 50 percent. See the IRS postcard for more info. 

 The recently enacted Patient Protection and Affordable Care Act could earn you a new tax credit this year for providing health insurance for your employees

If your small business or tax-exempt organization pays employee health insurance premiums in 2010, you may be eligible to claim a new credit on your 2010 tax return. Employers with fewer than 25 employees (more if you have part-time employees), and less than \$50,000 in average wages, may be eligible.

**How much you may receive**  
Eligible small employers could qualify for a credit worth up to 35% of premiums paid in 2010 (for businesses) or 25% of premiums paid (for tax-exempt groups).

**Find out if you're eligible**  
Visit [www.irs.gov](http://www.irs.gov) or consult your tax professional to learn more about whether your small business qualifies for this valuable incentive to provide health coverage for your employees.

Visit [www.irs.gov](http://www.irs.gov) for more information

Notice 1307 (6-2010) Catalog Number 54941Y Department of the Treasury Internal Revenue Service www.irs.gov

### 2. Creates Health Insurance Exchanges to Increase Bargaining Power & Reduce Administrative Costs

**Status Quo:** Small businesses have little bargaining power, face high administrative costs. currently, small businesses face not only premiums that are 18 percent higher than large businesses pay, but also face higher administrative costs to set up and maintain a health plan. The premiums they pay have three to four times as much administrative cost built into them as plans in the large group market. They are also at a disadvantage in negotiating with insurance companies because they lack bargaining power.

**Solution:** Health Insurance Exchanges will provide more choice, lower prices, and greater bargaining power for firms with up to 100 employees. Health reform will change this dynamic. Starting by 2014, firms with 100 or fewer workers will be able pool their buying power and reduce administrative costs by purchasing insurance through an exchange. According to CBO, coverage that small businesses purchased through an exchange “would have lower administrative costs, on average, than the policies those firms would buy under current law, particularly for very small firms.”

### 3. Ends Price Discrimination against Small Businesses with Sick Workers

**Status Quo:** Small businesses with sick worker face higher prices, sudden price increases. Currently, small businesses with just one sick worker can face significantly higher premiums, and having a worker fall ill can lead to a precipitous price increase - raising premiums just when insurance is needed most.

**Solution:** Ending price discrimination based on illness. Health reform will end this price discrimination. Starting in 2014, “community rating” rules will prohibit insurers from charging more to cover small businesses with sicker workers or raising rates when someone gets sick.

### 4. Increases Health Care Security to Unlock Entrepreneurship

**Status Quo:** Health insurance insecurity creates “job lock,” which Inhibits entrepre-

(Continued on page 2)

## UPCOMING EVENTS

### Recovery Seminars for Veterans & Military

Tuesday, July 20, 2010  
Ceiba, Puerto Rico  
9:00 AM –12:00 PM  
Call: (787) 766-5519

Tuesday, July 27, 2010  
Ponce, Puerto Rico  
9:00 AM –12:00 PM  
Call: (787) 766-5519

### Business Matchmaking

Friday, August 6, 2010  
8:00 AM—5:00 PM  
Student Center Auditorium  
Inter-American University  
San Germán, Puerto Rico  
Call: (787) 766-5420

## MESSAGE FROM THE DISTRICT DIRECTOR

I can't help but be amazed at how quickly time goes by. It seems like only yesterday we were welcoming a new fiscal year and laying down the groundwork for the challenges that



District Director José R. Sifontes

awaited us.

And now, I am happy to report that as of May 31st, we are ahead 47 percent and 64 percent in loan volume and dollar value, respectively, when compared to the same period in 2009. As you'll see in our loan table on page 4, we have already approved close to \$48 million in loans to small businesses in Puerto Rico and the Virgin Islands.

Once again small businesses are starting to expand and others are new

to the block. But one thing is for sure: they are investing in their communities and the economy.

We look forward to continue working with our lenders, partners and alliances over the next few months, as we achieve new milestones and welcome yet another fiscal year.

Until our next issue,

(Continued from page 1)

neurship. Our current health care system inhibits entrepreneurship and small business formation by locking workers -- especially those with families or with any sort of health problem --into jobs at large firms that offer family coverage and have a big enough risk pool to absorb the cost of covering pre-existing conditions. This "job lock" causes many workers to stay at large firms even if they would be more productive working at a small business or becoming an entrepreneur.

**Solution:** Health security empowers entrepreneurship. By providing health security for every American and eliminating exclusions for pre-existing conditions and price discrimination against those who are sick, health reform will make it easier for small businesses to attract the best workers and easier for entrepreneurs to strike out on their own.

### 5. Reduces the Hidden Tax on Small Business Employees with Health Insurance

**Status Quo:** Hidden tax adds \$1,000 to every Premium. Currently, the cost of treating the uninsured adds a "hidden tax" of over \$1,000 to every health care premium.

**Solution:** Reduce hidden tax by dramatically expanding coverage. Health reform will significantly reduce this tax by covering an additional 32 million, for additional Americans by 2019.

### 6. Reduces Premiums in the Small Group Market

**Status Quo:** Higher premiums mean coverage is unaffordable for small businesses. In a recent national survey, nearly three-quarters of small businesses that did not offer benefits cited high premiums as the reason.

**Solution:** Health reform will lower costs, making coverage more affordable. Taken together, the measures described above will significantly reduce premiums for small businesses. According to CBO, health reform will reduce the cost of a given plan in the small group market by 1-4 percent by 2016.



For more information on how health care reform can help small businesses, visit [www.sba.gov](http://www.sba.gov).



## HUMACAO TILE AND MARBLE DISTRIBUTOR IS PUERTO RICO'S 2010 SMALL BUSINESS PERSON OF THE YEAR

*SBA HONORS SMALL BUSINESS ENTREPRENEURS AND CHAMPIONS, LENDERS AND PARTNERS AT SMALL BUSINESS WEEK AWARDS*

The SBA recently honored Juan Esteban Díaz, president of Tile International Corporation, with Puerto Rico's Small Business Person of the Year Award, during local and national Small Business Week celebrations.

"We couldn't be more pleased to publicly recognize Juan Esteban Díaz, a man whose efforts and perseverance have placed his small business among leaders in the industry," said SBA District Director José R. Sifontes. "His entrepreneurial spirit and sense of innovation are exactly what this economy

needs to continue moving forward. We commend the example he sets for all small business owners."

With over 40 years of experience as an entrepreneur, Díaz established Tile International in 1987, with only one employee and generating \$24,000 during its first month of operations. Today, doing business as Home Décor Plaza and Marble & Stone Design, annual revenues are close to \$10 million, providing for 58 employees. More than 500 wholesale clients are on the company's roster, including some in St.

Maarten, Martinique, the Dominican Republic and Mexico.

"Since I was a child I have always focused on working, on doing things well," Díaz said. "Our success has been due to the fact that we are honest and that we have evolved with the industry."

Along with Díaz, the SBA honored Small Business Exporter Sergio Blanco, vice president of Lanco Manufacturing Corp.; Young Entrepreneur Jatniel Vázquez-Alvarez, president of Jay-vee Air Conditioning Inc.; Jeffrey Butland Family-Owned Business Ferretería Metro; and Women in Business Advocate Ana Lourdes Rivera.

The agency also bestowed awards upon the Women's Business Institute and the San Germán Small Business & Technology Development Center for the excellence and innovation with which they provide services to the community. SBA lenders were recognized with the following: Banco Popular de Puerto Rico, Platinum Award;

### PUERTO RICO'S VERY OWN JORGE SILVA-PURAS SWORN IN AS SBA'S REGION II ADMINISTRATOR

Jorge Silva-Puras was sworn in as the United States Small Business Administration Region II Administrator on May 3, 2010. Silva-Puras will oversee the SBA's programs and services in the Region II office, which is headquartered in New York City and oversees the SBA's district offices in New York City, Buffalo and Syracuse, N.Y.; Newark, N.J.; and San Juan, P.R.

"I am honored to join SBA's Region II team of talented and experienced individuals who are dedicated to helping small businesses start, grow and succeed across New York, New Jersey, Puerto Rico and the U.S. Virgin Islands," said Silva-Puras. "As Regional Administrator, I look forward to joining the Obama Administration and implementing the President's plan for supporting and revitalizing our nation's small businesses."

Silva-Puras, who has ample management, legal, marketing, financial and government experience, previously served as Chief of Staff to the Governor of Puerto Rico; Executive Director of the Puerto Rico Industrial Development



From the left: SBA Region II Administrator Jorge Silva-Puras, Idalia Vicens-Díaz and Small Business Person of the Year Juan Esteban Díaz, and their daughter Lisandra.

*(Continued on page 4)*

*(Continued on page 4)*

(Continued from page 3)

Company; President of the Economic Development Bank for Puerto Rico; and as Puerto Rico's Secretary of Economic Development & Commerce. Previous to his government roles, Silva-Puras worked for The Procter & Gamble Company at its corporate headquarters in Cincinnati, and at its San Juan office, where he managed marketing efforts for the US Hispanic and Caribbean regions. He also has experience in banking and law. He received his BA degree from Yale University, J.D. from University of Puerto Rico and MBA in International Management from the University of Texas at Austin.



Jorge Silva-Puras (left) is sworn-in by SBA's Illinois Deputy District Director Iván E. Irizarry.

(Continued from page 3)

Banco Santander Puerto Rico, Gold Award; FirstBank of Puerto Rico, Silver Award; Scotiabank of Puerto Rico, Bronze Award; FirstBank of Puerto Rico and Oriental Group, Third-Party Lender

Awards; PYMES Financial Partners Inc., Certified Development Company Award; Economic Development Bank for Puerto Rico, Star Award; and FirstBank of Puerto Rico, Special Achievement Award. In addition, the SBA presented special

commendations to then Caguas Mayor William Miranda-Marín and Banco Popular's recently retired Senior Executive Vice President Emilio E. Piñero-Ferrer, for their extraordinary commitment to small business entrepreneurship and in-

valuable contributions to the island's economic development. A dedicated SBA supporter, Miranda-Marín, whose delicate health at the time prevented him from attending the event, was represented by Deputy Mayor Wilfredo Puig.

## PR & VI LOAN PRODUCTION AS OF MAY 31, 2010

LENDER	LOANS	\$\$\$ VALUE
<b>7(A) LOAN GUARANTY PROGRAM</b>		
Banco Popular de Puerto Rico	63	\$6,217,900
Banco Santander Puerto Rico	55	\$2,689,000
Banco Bilbao Vizcaya Argentaria	37	\$1,935,600
FirstBank*	28	\$3,628,100
Economic Development Bank for PR	17	\$3,247,800
Scotiabank of Puerto Rico	17	\$1,066,900
Borrego Springs Bank, N.A.	15	\$660,000
First Chatham Bank	2	\$1,620,000
Independence Bank	1	\$500,000
Eurobank	1	\$400,000
<b>TOTAL 7(A) LOANS</b> * Includes loans in VI	<b>236</b>	<b>\$21,965,300</b>
<b>CERTIFIED DEVELOPMENT COMPANY PROGRAM</b>		
PYMES Financial Partners Inc.	25	\$12,954,000
COFECC	18	\$8,307,000
Marketing Small Business Finance Corp.	8	\$2,639,000
Puerto Rico Business Development Corp.	2	\$1,329,000
North Puerto Rico Local Development Co. Inc.	2	\$678,000
<b>TOTAL CDC LOANS</b>	<b>55</b>	<b>\$25,907,000</b>
<b>GRAND TOTAL</b>	<b>291</b>	<b>\$47,872,300</b>