

Fifth Estate Distributed Public Expertise (DPE) Model: How to Jumpstart the American Economy and Create American Jobs

June Klein and Ira Klein, Technology & Marketing Ventures, Inc.

Abstract

Technology & Marketing Ventures, Inc. (TMVi) has developed a creative, integrated bi-partisan solution to jumpstart the American economy and create American jobs. To facilitate executing the plan, TMVi has architected and designed a focused collaborative network organization (CNO). The TMVi Tax Law Incentive Proposal™ allows businesses to sell unused tax benefits to other businesses in order to fund capital investments. The availability of this previously untapped private capital will lead to more jobs, demand and production. See Exhibit 1 **TMVi TAX LAW INCENTIVE™ Diagram** for a high level flow of how the process works. The challenge TMVi faces is to get our unique thinking into government hands to move the legislation forward and provide American jobs again.

Why We Need CNO for DPE Now?

On Friday November 5, 2010, President Obama stated in his video blogs and across various websites, TV interviews, news conferences and newspaper articles that he is open to any ideas that would move the American economy forward and create private sector American jobs.' This is what is known as 'The Fifth Estate'... a spectrum of communications that drive social accountability. Yet, left unsaid in President Obama's speech was the vehicle to get him the information he requested.

In an Oxford Internet Institute (OII) paper² Director, William Dutton said 'government's usage of distributed public expertise (DPE) through Collaborative Network Organizations (CNOs) is less common than in the private sector.' William Dutton's research also concludes that government needs to harness the reach of the internet to tap the wisdom of distributed public expertise and realize the potential for networking with citizens as advisors.

The combination of an omnipresent need, empirical research and lack of channel to submit the TMVi Tax Law Incentive Proposal, led TMVi to develop and launch a CNO focused on DPE at <http://dpe.electronic-boardroom.com> Through this central location, TMVi identifies citizen experts as well as premiere research. The DPE site highlights integrated pragmatic solutions to jumpstart the American economy and create American jobs. Moreover, the DPE administrators will present the results to the relevant government officials for their review and document the evolutionary path to desired outcomes. See Exhibit 2 for **Distributed Public Expertise Site Description**

TMVi Tax Law Incentive Proposal™

The elections are over in the United States and the results are clear. Americans want private sector jobs and less government intrusion in their lives. While American citizens want government to help, they do not want government directing where a stimulus package mandates "shovel ready" projects. The key to reviving the American economy rests with making private capital available to small and medium sized businesses. Small businesses with less than 500 employees generated 65 percent of net new jobs over the past 17 years.²

How do we then jump-start small and medium sized businesses? To do this, we must think outside the box. Encouraging banks to lend, while well intended, has not worked. Most banks want to see stellar income statements and balance sheets before they lend. However, we know lending is not happening

from the number of newspaper articles and blogs that cover the plight of small and medium sized businesses being shut out of the credit markets.

The following represents the ‘**TMVi Tax Law Incentive Proposal™**’ to jumpstart the American economy and create American jobs. This proposal contains aspects amenable to both Democrats (government stimulus to create jobs) and Republicans (private sector investment to create jobs).

1. Congress should **enact a 10% investment tax credit on all new equipment, furniture and other IRC section 1245 property**. This property must contain greater than 50% US content. This will stimulate US manufacturing and encourage foreign producers to open factories in the US. This provision existed in the tax law prior to 1987.
2. Congress should **continue full expensing of equipment** (IRS section 1245 property) as exists under current law for another year.
3. Congress should **permit any business to sell its tax benefits (the 10% investment tax credits and depreciation deductions)** to any business taxpayer who can use these credits and deductions. The sales price of these tax benefits will be determined by the market. This would enable small businesses which might not be able to currently use the tax benefits to convert it into cash to buy new equipment. It could also be used as collateral for loans from banks currently unwilling to lend to such businesses without substantial collateral. Note. Many small and medium sized businesses and some large businesses cannot use or benefit from their current tax depreciation position in part or in whole for many reasons such as NOLs, foreign tax credits, etc. Therefore, current tax depreciation incentives offer marginal support to jumpstart the American economy and create American jobs.
4. Congress should **permit the monetization of small and medium sized businesses' tax benefits through the sale of tax benefit instruments to individual taxpayers**. This would utilize the power of the American financial markets to fund the growth of small and medium sized businesses. Congress would have to amend the tax laws to permit individuals a miscellaneous tax deduction (not subject to the 2% limitation) for the purchased tax benefits.

This TMVi Tax Law Incentive Proposal™ can be utilized by large businesses as well if they cannot currently use their investment tax credits and depreciation. With the exception of the 10% investment tax credit as a stimulus incentive, this TMVi Tax Law Incentive Proposal™ should not add to the deficit. Presumably, the current tax depreciation deductions have already been scored by the Congressional Budget Office and it should not matter which taxpayer claims the tax deductions. Further, no tax increases are required for the TMVi tax incentive proposal.

See Exhibit 1 **TMVi TAX LAW INCENTIVE™ Diagram** for a high level flow of how the process works.

Conclusion

Small Business is currently shut out of the credit markets to fund upgrade or expansion of its business. The TMVi Tax Law Incentive Proposal™ will enable small businesses to utilize unused tax benefits to fund working capital and /or capital investment. By selling their tax benefits to U.S. companies, small businesses can expand using private sector capital. The availability of private capital to expand small businesses will lead to more jobs and in turn greater demand by consumers. Greater demand by consumers will lead to greater production and more jobs, so the cycle goes. The overriding mechanism necessary for success is the DPE Model at <http://dpe.electronic-boardroom.com> This integrator site will help keep the momentum of ideas such as this one evolving to solve major government problems.

About

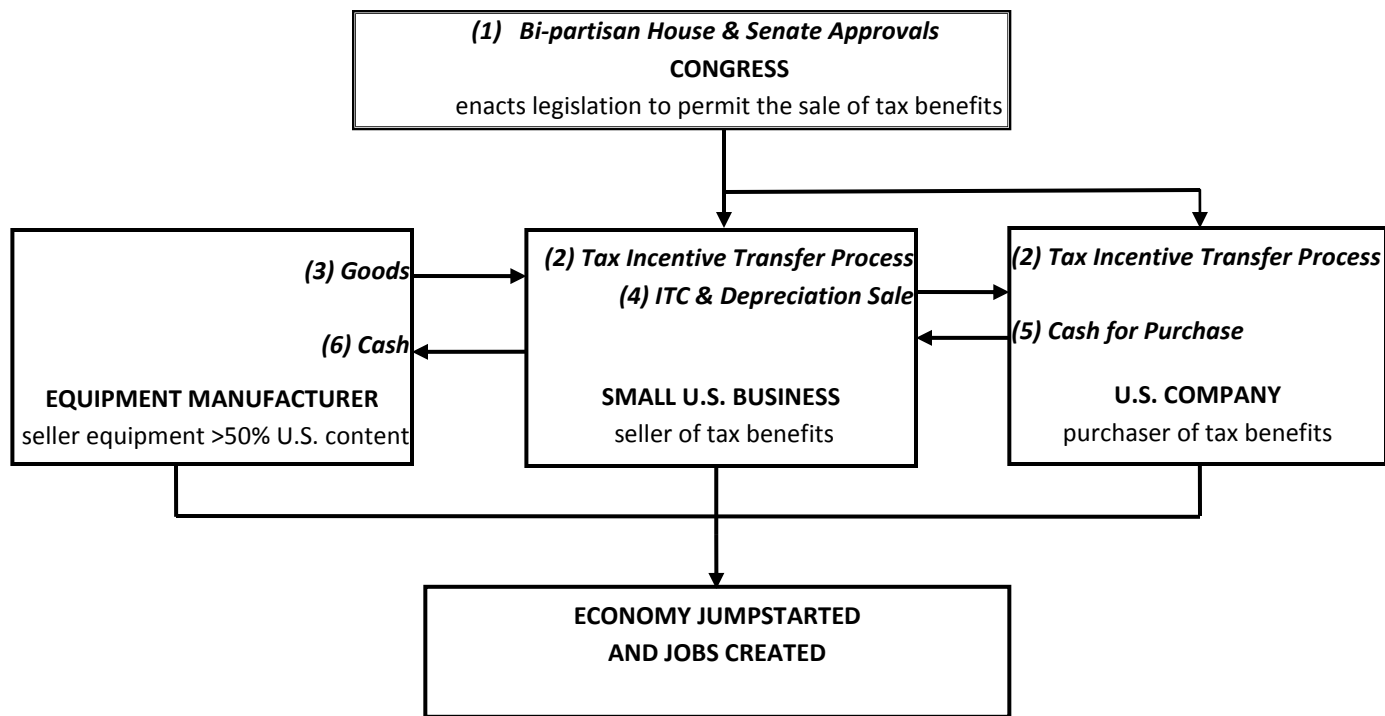
Ira Paul Klein has a JD from BU Law; a LLM in Taxation from NYU Law and is an Adjunct Professor of Tax Law at Fairfield's Graduate Business School. As General Tax Counsel of Technology & Marketing Ventures, Inc., he analyzes and structures tax law related ventures encompassing the internet, businesses and government. iklein@electronic-boardroom.com

June Klein has an MBA in Finance & Marketing from NYU Stern, BS in Education and Math from BU, CDP from ICCP, Graduate Technology Certificate from IBM Systems Research Institute and Governance Certificates. As CEO of Technology & Marketing Ventures, Inc., she formulates and executes strategies that change competitive landscapes. jklein@tmv.com

Technology & Marketing Ventures, Inc. has provided thought and execution leadership to institutions and governments since 1992. Their game-changing results are known as Electronic-Boardroom TMVi® Solutions in education, networking, consulting, database, television and newsletter. TMVi collaborates with the Oxford Internet Institute on Fifth Estate business intelligence research and Distributed Public Expertise implementations. Mailing address: 444 E 82ND ST NEW YORK NY 10028 USA



Exhibit 1: TMVi TAX LAW INCENTIVE™ FLOW DIAGRAM



TMVi TAX LAW INCENTIVE FLOW

- (1) Congress enacts 10% investment tax credit and depreciation deductions for equipment purchases.
- (2) A new tax incentive transfer process for Small U.S. Businesses is created.
- (3) Small U.S. Business orders equipment made with more than 50% U.S. content to expand its business and receives U.S. tax benefits of investment tax credit and depreciation deductions.
- (4) U.S. Company Purchaser buys investment tax credit and depreciation deductions from Small Business at a price determined by the market.
- (5) U.S. Company Purchaser transfers cash to Small U.S. Business for the purchase of U.S. tax benefits of investment tax credit and depreciation deductions.
- (6) Small U.S. Business transfers cash to Equipment Manufacturer to pay for purchased equipment. Equipment Manufacturer supplies goods in (3) above that have more than 50% U.S. content.

Economy jumpstarted with jobs in small businesses and could be extended to medium and large businesses.

Exhibit 2: Distributed Public Expertise Site Description

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In architecting the Distributed Public Expertise Site, TMVi defined the 4 pillars necessary for a successful CNO. Set forth below is the TMVi™ recap of the CNO which encompasses best practices and reproducible results.

- **Technology:** We selected Tiki Wiki CMS Groupware v6.0 software because unlike MediaWiki, it has security features normally found in a content management system; it allows for mobile access and it has integrated extensive capabilities. Everything on our server uses standard LAMP professional software which will integrate with the systems and processes of others in any setting, business or academic. We used industrial strength hosting based in the US and UK with redundant data centers, wide bandwidth, low latency, dedicated IP address and SSL certificate.
- **Marketing:** The CNO has 3 key messages.
 - Fifth Estate is the most powerful idea of the decade.
 - Citizen Experts can help solve government problems.
 - Converting unused tax benefits into cash can fund small business growth.
- **Ventures:** Critical participants are given privileged access to content and control via CNO groupware settings. OII's focus is for this DPE and Fifth Estate related activities. President Obama's office plus House of Representatives' focus is for proposal co-creation activities. Institute for Defense Analyses (IDA) might like to build upon our pilot program.
- **"Inc.":** Pulling it all together, we expect to capture, reward and publicize this DPE as a focused, best practice success story. This was a key strategy recommendation in the Oxford research paper².

References

¹ Obama, Barack (2010) *'Remarks by the President on the October Jobs Report'* Available at: <http://www.whitehouse.gov/the-press-office/2010/11/05/remarks-president-october-jobs-report> (5 November 2010)

²Dutton, W. H. (2010) *'Networking Distributed Public Expertise: Strategies for Citizen Sourcing Advice to Government'*, Science & Technology Policy Institute, Institute for Defense Analyses, Washington DC.

³SBA Office of Advocacy, www.sba.gov/advo *'Frequently Asked Questions'* Sept 2010