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## Area lawyers, accountants ramp up for stimulus boom

Birmingham Business Journal - by [Crystal Jarvis](#) Staff

To help local businesses benefit from the American Recovery and Investment Act of 2009, many of Birmingham's accounting firms and law firms have geared up to capitalize on the opportunity and help their clients stash more money in their pocketbooks.

"I imagine in the next year that business will kind of ratchet up a bit," said Jason Harpe, partner with accounting firm **Carr Ingram Riggs** LLC. "We're hoping we see that stimulus money get released rather quickly and do exactly what it's designed to do."

Law firm Baker Donelson Bearman Caldwell & Berkowitz PC plans to conduct a number of educational programs about the stimulus package "so we can get out to clients what's in there and give practical advice about how to go get it," said Patton Hahn, a shareholder in the firm's Birmingham office.

While the newly adopted stimulus package was created to bolster the crippled economy immediately, tax provisions aimed at encouraging small businesses to spend likely won't take off until year-end, experts say.

To boost new equipment purchases, businesses are allowed to buy up big-ticket items through 2009 and write-off its depreciation in one lump sum when they file next year's income taxes.

However, during uncertain times, small businesses are trying to hold on to every dime and will likely

hold out for as long as they can before taking advantage of the incentive, said Ray Dyer, **Covenant Consulting** LLC's tax managing member.

"I think the growth and uptick will be toward the end of the year," he said. "Unless they have to get it now, they will wait until later in the year to make major equipment (purchases)."

Also, construction companies hoping to benefit from the bill are sitting on the edge of their seats and waiting for the funds to pour in from a portion of the bill aimed at improving the nation's infrastructure, Harpe said.

"I think it will be in 2009 and hopefully towards the fall," he said. "We will probably get a lot of an uptick in federal grant money and funding."

One provision, however, will allow struggling businesses to instantly boost their bottom line. If a business encountered a net operating loss in 2008, it can carry back its losses for up to five years and receive a refund on income taxes that were previously paid.

"As soon as we can complete those returns, we can turn around and file refunds for those years, said Ross Mendheim, a shareholder of **Barfield Murphy Shank & Smith's** tax group.

"We can get that tax money back for five years, which is cash flow dollars that they can use to help get them through 2009," Mendheim said.

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