

# **ECONOMIC RECOVERY EFFORTS HELP**

## **SMALL BUSINESSES ACCESS CREDIT AND CREATE JOBS**

As part of continuing efforts to help small businesses during the economic downturn, President Obama announced new initiatives today to give small businesses the tools they need to thrive, create jobs and help drive the nation's economic recovery. To support small business lending and provide more access to credit, the President announced steps to support lending by small banks and Community Development Financial Institutions (CDFIs) through the Financial Stability Plan and will seek legislation to increase the maximum size of three types of Small Business Administration loans. This announcement builds on actions taken earlier this year by the Obama Administration and Congress to assist and increase the flow of credit to small businesses. Access to credit is vital for small businesses so they can stay open and keep people employed, as well as expand and create new jobs.

During the 111th Congress, the House has advanced the following legislation to help small businesses access credit and save and create jobs.

### **American Recovery and Reinvestment Act** (Enacted)

The Recovery Act includes provisions designed to expand lending to small businesses:

- Temporarily eliminated all fees on SBA-backed loans.
- Increased (to 90 percent) the portion of a loan the SBA will guarantee, making these loans more attractive to lenders.
- Allowed small businesses to carry back their 2008 losses to offset profits from previous five years.
- Enabled small businesses to expense up to \$250,000 for capital expenditures in 2009, which allow them to make long-term investments in their futures.
- Promoted job creation through work opportunity tax credits for employers who hire unemployed veterans and disconnected youth.
- Established a new "Small Business Stabilization Financing Program" to allow the SBA to make no-interest loans to firms struggling to make payments on existing debts.

### **Health Care Reform** (House and Senate Compiling Final Bills)

Health reform legislation would reduce the current burdens of skyrocketing health care costs on small businesses and their workers.

- Will give small businesses the benefits of large-group rates, lower administrative costs, and the ability to offer choice of plans to employees through an "insurance exchange."
- Will increase competition in the insurance market in areas where a lack thereof results in higher costs.
- Will ensure small businesses don't pay higher premiums if they employ a sicker workforce.
- Will provide a tax credit to assist small businesses who want to offer coverage.

### **Job Creation Through Entrepreneurship Act** (Passed House)

The House passed the Job Creation Through Entrepreneurship Act in May, which overhauls the SBA's entrepreneurial development (ED) program.

- Helps economic growth by creating jobs → In 2008, the ED programs helped generate 73,000 new jobs and infused \$7.2 billion into the economy.
- This program includes the first major revisions of ED programs in ten years, which will make it even more successful.
- Provides technical and managerial training to small businesses.

### **Increasing Access to Capital** (Marked-Up by House Committee)

Today, the House Small Business Committee marked up legislation that seeks to update and improve the SBA's capital access programs. This legislation aims to help small firms find affordable financing to encourage entrepreneurship and promote small business growth.

### **FY 2010 Appropriations** (Awaiting Senate Action)

In July, the House passed the FY 2010 Financial Services and General Government Appropriations bill, which included funding for the Small Business Administration (SBA), an independent federal agency that aids, counsels, assists, and protects the interests of small businesses in an effort to maintain and strengthen the U.S. economy. The House bill includes:

- \$848 million in funding for the SBA, a \$236 million increase from 2009 and \$69 million above the President's budget request.
- \$28 billion in new lending to small businesses and \$25 million for microlending.
- \$110 million for Small Business Development Centers.
- \$8 million for technical assistance to low-income small business owners.