

H.R. 5297 – Small Business Jobs Act of 2010: SBC Provisions

| Proposal | Description | Underlying Provisions |
|--|---|--|
| Small Business Access to Credit | <ul style="list-style-type: none"> Increases limits on SBA 7(a) loans from \$2 - \$5 million, 504 loans from \$1.5 - \$5.5 million, and microloans from \$35,000 - \$50,000; allows 504 loans to be used to refinance short-term commercial real estate debt into long-term, fixed rate loans; extends SBA-ARRA provisions to provide a 90 percent guarantee on 7(a) loans and fee waivers for borrowers on 7(a) and 504 loans until 12/31/10. SBA estimates the loan limit adjustments will increase lending to small businesses by \$5 billion within the 1st year of enactment. | <p>Bipartisan: Landrieu-Snowe (S. 2869) Snowe (S. 3103) <i>S. 2869 Passed SBC 17-1</i></p> |
| Small Business Trade & Export Promotion | <ul style="list-style-type: none"> Improves the SBA's trade and export finance programs, elevates the Office of International Trade, expands the export finance specialist counseling program, establishes a State Export Promotion Grant Program (STEP), and strengthens coordination between federal/state export agencies and SBA resource partners. Leverages more than \$1 billion in export capital for small businesses, creating/saving as many as 40,000 - 50,000 jobs in the U.S. in 2010. | <p>Bipartisan: Snowe-Landrieu (S. 2862) Snowe (S. 3103) <i>S. 2862 Passed SBC 18-0</i></p> |
| Small Business Contracting | <ul style="list-style-type: none"> Establishes stricter federal contract bundling requirements, ensures prompt payment of subcontractors, requires an aggressive review of SBA size standards every five years, and allows small businesses to team to compete for large federal contracts. Also places all federal restricted competition contracting programs on equal footing and clarifies that no program has priority over any other, and establishes a Mentor Protégé Program for the HUBZone program. Increasing contracts to small businesses by 1 percent could create more than 100,000 jobs. | <p>Bipartisan: Snowe-Merkley (S. 1489) Landrieu-Snowe (S. 2989) Landrieu-Crapo-Risch (S. 3190) <i>S. 2989 Passed SBC 18-0</i></p> |
| Small Business Management & Counseling | <ul style="list-style-type: none"> Allows SBA to waive or reduce the non-federal share of a WBC's or Microloan Intermediary's funding requirement for a period of up to 1 year, through FY12. SBA estimates that the microloan program will create or save more than 10,000 jobs in FY11. | <p>Bipartisan: Snowe (S. 3103) Landrieu-Snowe (S. 3165)</p> |
| Small Business Disaster Loan Improvements | <ul style="list-style-type: none"> Allows small aquaculture businesses to receive SBA Economic Injury Disaster Loans (EIDL) if no other Federal disaster assistance is available. | <p>Democrat: Landrieu-Nelson (S. 2731)</p> |
| Small Business Regulatory Relief | <ul style="list-style-type: none"> Requires Federal agencies to officially respond to regulatory comments filed by the Chief Counsel of the SBA's Office of Advocacy and also establishes the Office of Advocacy as a line item in the SBA's annual budget. | <p>Bipartisan: Snowe-Pryor (S. 3024) Snowe (S. 3103)</p> |

H.R. 5297 – Small Business Jobs Act of 2010: Tax Provisions

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|--|---|---|
| 100% Exclusion of Capital Gains Tax | <ul style="list-style-type: none"> Allows investors in small businesses to take a 100% exclusion from capital gains taxes on small business investments made in 2010. Cost: \$517 million. | <p>Bipartisan: Kerry-Snowe-Menendez (S. 78) Snowe (S. 3103)</p> |
| Increase Deduction for Start-Up Expenditures | <ul style="list-style-type: none"> Temporarily increases the maximum deduction for business start-up expenditures in 2010 and 2011 from \$5,000 to \$10,000, subject to a \$60K threshold. Cost: \$230 million. | <p>Bipartisan: Merkley-Alexander (S. 1402)</p> |
| Extension of Sec. 179 Enhanced Small Business Expensing | <ul style="list-style-type: none"> Extends the Sec. 179 expensing provision that allows small businesses to immediately expense up to \$500,000 (up from \$250K) for tangible personal property and up to \$250K for improvements to leasehold property and retail property. Cost: \$2.2 billion. | <p>Republican: Snowe (S. 3103)</p> |
| Tax Equity for the Self-Employed | <ul style="list-style-type: none"> Allows self-employed taxpayers to deduct health care costs for payroll tax purposes on their 2010 tax returns. Cost: \$1.96 billion. | <p>Bipartisan: Bingaman-Hatch-Landrieu (S. 725) Grassley (H.R. 5297)</p> |
| Extension of ARRA Bonus Depreciation | <ul style="list-style-type: none"> Extends ARRA provisions that allow businesses to immediately write-off 50% of the cost of capital expenditures for 1 additional year for qualifying property purchased and placed into service in 2010. Extends ARRA bonus depreciation provisions that include a modification allowing long-term contractors that use the percentage-of-completion method of accounting (PCM) to elect bonus depreciation on property whose depreciation term is less than seven years. Cost: \$5.5 billion. | <p>Bipartisan: Baucus-Grassley-Brownback-Inhofe-Johanns-Menendez (S. 3515)</p> |
| Small Business Penalty Relief | <ul style="list-style-type: none"> Would make the penalty for failing to disclose "listed transactions" proportionate to the tax savings for the transaction. Cost: \$176 million. | <p>Bipartisan: Baucus-Grassley-Crapo (S. 2771)</p> |
| Removes Cell Phones from Listed Property | <ul style="list-style-type: none"> Delists cell phones and other telecommunications devices from the category of "listed property" for tax purposes. Cost: \$411 million. | <p>Bipartisan: Kerry-Ensign (S. 144) <i>72 bipartisan cosponsors</i></p> |
| S-Corp Holding Period | <ul style="list-style-type: none"> Temporarily reduces the asset holding period for converted S-Corporations from 10 years to 5 years. Cost: \$70 million. | <p>Republican: Snowe (H.R. 5297)</p> |
| General Business Credits Not Subject to AMT Limits | <ul style="list-style-type: none"> Allows small businesses to use all types of general business tax credits to offset AMT liability. Cost: \$1 billion. | <p>Republican: Grassley (H.R. 5297)</p> |
| Carryback Up to 5 Years 2010 General Business Credits | <ul style="list-style-type: none"> Allows sole proprietorships, partnerships and non-publicly traded corporations with less than \$50M in average gross annual receipts for the prior 3 years, to carryback unused credits for 5 years. Cost: \$107 million. | <p>Republican: Grassley (H.R. 5297)</p> |

H.R. 5297 – Small Business Jobs Act of 2010: LeMieux-Landrieu Amendment

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| Small Business Lending Fund | <ul style="list-style-type: none"> • Establishes a voluntary capital purchase program under which Treasury purchases equity in small banks under \$10 billion. • Banks repay at a dividend rate that decreases as their small business lending increases; the decreased dividend rate can be as low as 1%. • Not at all related to TARP, and there are no TARP-like restrictions. • Program level is \$30 billion which by conservative estimates, will lead to \$300 billion in small business lending. | <p>Bipartisan: LeMieux-Landrieu (H.R. 5297)</p> |
| Utilizing Predictive Modeling to Fight Health Care Fraud | <ul style="list-style-type: none"> • Utilizes similar technology that the credit card industry uses to prevent fraud from taking place. • Credit card companies often call customers after a purchase that appears out of the ordinary. This is done to prevent payment of a fraudulent transaction from taking place. • The same process would be implemented in fighting Medicare and Medicaid fraud. | <p>Bipartisan: LeMieux (S. 2128) <i>15 Bipartisan cosponsors</i> LeMieux-Landrieu (H.R. 5297)</p> |
| Export Promotion | <ul style="list-style-type: none"> • Small Business Export promotion bill that enhances export assistance programs operated by the Department of Commerce. • Adds 80 U.S. and Foreign Commercial Service Officers. • Temporarily increases funding for the Rural Export Initiative (REI), ExportTech program, Market Development Cooperator Program (MDCP). • Requires that small businesses be receive priority consideration for awards made through the Manufacturing Extension Partnership (MEP) & Technology Innovation Program (TIP). • Encourages collaboration between the Department of Commerce and state export assistance agencies. • Requires a report on tariff and non-tariff barriers for small businesses seeking export opportunities in Colombia, Panama and Korea. | <p>Bipartisan: Klobuchar-LeMieux (S. 3084) LeMieux-Landrieu (H.R. 5297)</p> |

H.R. 5297 – Small Business Jobs Act of 2010: Other Provisions

| Proposal | Description | Underlying Provisions |
|---|---|--|
| Agriculture Disaster Relief | <ul style="list-style-type: none"> Provides assistance for any agricultural losses on crops that occurred in 2009, including specialty crops, livestock, sugar, aquaculture, cottonseed, and poultry. Would distribute \$1 billion in supplemental direct payments to producers with minimum 5-percent losses in production, including: \$42M in cottonseed assistance; \$25M in aquaculture assistance; \$21M to a Hawaiian sugar cane cooperative; \$75M to poultry producers; \$50M for livestock producers; and \$300M for specialty crop producers. Any state that has a county that was declared a primary disaster county in 2009 is eligible. | <p>Bipartisan: Lincoln-Chambliss</p> |
| State Small Business Credit Initiative | <ul style="list-style-type: none"> Provides \$1.5 billion in grants to States to support small business lending programs. States apply for the funds to be used for approved programs that leverage private lenders to extend up to \$15 billion in credit to small businesses and manufacturers. Allows States to build upon successful models for state small business programs, including capital access, loan participation, collateral support, State-run venture capital, and credit guarantee programs: <ul style="list-style-type: none"> Capital Access Programs (CAPs): CAPs, which are already up and running in over 20 states, are loan portfolio insurance programs, where states provide a matching contribution to bank loan loss reserves when lenders extend credit to qualified small businesses. These reserve enhancements allow lenders to take slightly more risk in expanding credit to new borrowers. Collateral Support Programs: Help businesses struggling to get credit because the value of the collateral they hold has fallen. These programs, which set aside funds to augment collateral the borrower already holds – provide banks greater confidence in extending credit to these borrowers. Funds are allocated to the States using formulas based on certain State employment and unemployment rate data. States have nine months to apply for the program and if a state does not apply, the largest municipalities of a state can apply. | <p>Bipartisan: <i>Developed with the support of 28 Republican and Democratic Governors Warner-Levin</i></p> |