

As the engine of the American economy, small businesses play a vital role in creating jobs, investing in our workforce, and maintaining our competitive advantage in the global economy. In fact, small businesses employ over half of all private-sector employees and have created two-thirds of new jobs over the past 15 years. In order for small businesses to thrive, however, they need at least three crucial ingredients: reliable access to capital, a regulatory environment that promotes growth and innovation, and a highly trained workforce. In recognition of the critical role that small businesses will play in driving our economic recovery, the 111th Congress has made each of these areas a top priority.

Since the recession began, I have met with dozens of local business owners to discuss the many challenges they are facing, and one problem often rises to the top of the list: access to credit. As a result of the economic downturn, many financial institutions have imposed strict lending terms or stopped lending altogether, leaving small businesses without the lines of credit on which they have traditionally relied.

Over the past 18 months, Congress has taken several major steps to get credit flowing again. The American Recovery and Reinvestment Act (ARRA) included several changes to Small Business Administration (SBA) programs, including an increase in the SBA loan guarantee limit to 90 percent, the elimination of various fees for SBA-backed loans, and an investment of \$255 million in direct loans of up to \$35,000 through the American Recovery Capital program. As a result of these provisions, SBA has supported more than \$29 billion in new loans to small businesses and the weekly volume of SBA loans has risen more than 90 percent over pre-Recovery Act levels.

This June, the House approved another major bill to stimulate small businesses lending: the Small Business Jobs and Credit Act of 2010 (H.R. 5297). In addition to extending the Recovery Act's SBA provisions through the end of 2010, this bill would create a new \$30 billion lending fund for community banks, leveraging up to \$300 billion in new loans for small businesses. Unfortunately, the measure stalled in the Senate on a party-line vote, but I am hopeful that it will receive a vote when Congress returns from its August district work period.

In addition to working to get credit flowing again, the 111th Congress has also sought to provide targeted tax and regulatory relief to small businesses. The Recovery Act included \$5.7 billion in small business tax benefits for 2008 and 2009, including an extended carryback period for net operating losses incurred in 2008, an increase in the capital expensing limit of up to \$250,000 in 2009, and an expansion of the Work Opportunity Tax Credit program to provide payroll tax

credits for businesses that hire veterans and at-risk youth. In March, Congress enacted another tax relief bill (H.R. 2847) that provides an additional payroll tax credit for businesses that hire unemployed workers and extends the Recovery Act capital expensing provision through 2010.

Congress has also been working to ensure that the health insurance reform legislation enacted this year benefits small business owners and employees alike. Although 96 percent of all small businesses (those with fewer than 50 employees) are exempt from the employer mandate in the new law, businesses that choose to provide coverage anyway will be able to claim a tax credit of up to 35 percent of their share of premium costs beginning this year, and up to 50 percent beginning in 2014. Reform also gives small businesses something they have long struggled for – negotiating power – by providing access to state-based insurance exchanges. While most aspects of the new law have been beneficial to small businesses, one provision – expanded Form 1099 reporting requirements – could be quite burdensome. I recently voted in favor of legislation (H.R. 5982) that would have repealed this provision, but unfortunately the measure was defeated on a mostly party-line vote. Here, too, I am hopeful we can try again in September.

Finally, I understand that small businesses depend on a steady supply of well trained workers and have been a consistent advocate for robust federal investments in education, particularly in the science, math and engineering (STEM) fields. I am pleased to report that the House recently approved a broad reauthorization of federal science and technology programs, the America COMPETES Act (H.R. 5116), which would double the federal investment in basic scientific research and improve coordination of STEM programs throughout our educational system.

While these are all steps in the right direction, I am keenly aware that much work remains to be done to ensure that our nation's small businesses have the resources and support they need to lead our nation back along the path to recovery. As Congress continues to debate issues of concern to small businesses, I hope you will continue to keep me informed of your views.