



SUMMARY OF THE SMALL BUSINESS JOBS ACT OF 2010

Tax Changes

- Allows a self-employed individual to deduct the cost of health insurance for themselves and their family when calculating their 2010 self-employment tax.
- Increases the amount individuals can write-off from \$5,000 to \$10,000 for start-up expenditures in 2010 if the expenditure exceeds \$60,000.
- Provides 100% exclusion of capital gains tax for purchases of small business stock made in 2010 and held for more than 5 years.
- Extends carryback for general business tax credits from one year to five years for sole proprietorships, partnerships, and non-publicly traded corporations with \$50 million or less in average annual gross receipts for the prior three years.
- Allows sole proprietorships, partnerships, and non-publicly traded corporations with \$50 million or less in average annual gross receipts to use all types of general business credits against any AMT for the prior three years.
- Reduces the asset holding period for converted S-Corporations from 10 years to 5 years.
- Extends Section 179 expensing to allow small businesses to immediately expense up to \$500,000 for tangible personal property, and up to \$250,000 for improvements to leasehold and retail property.
- Allows businesses to write off 50% depreciation for property purchased and placed into service in 2010.
- Removes cell phones from “listed property” so the cost can be deducted or depreciated like other property without onerous recordkeeping requirements.

Access to Capital

- Increases SBA loan limits
 - 7(a) loans from \$2 million to \$5 million.
 - 504 loans from \$1.5 million to \$5.5 million.
 - Microloans from \$35,000 to \$50,000.
 - Temporary Express Loan Enhancement from \$350,000 to \$1 million for one year.
- Requires the Administrator to establish alternative size standards for 7(a) loan applicants.
- Establishes a three-year intermediary lending pilot program, for SBA to make direct loans to eligible nonprofit lending intermediaries.
- Provides \$1.5 billion in grants to States to support state-run small business lending programs.
- Allows for low-interest refinancing under the Local Development Business Loan Program.

- Eliminates fees for 7(a) and 504 loans through December 31, 2010.
- Increases government guarantees on 7(a) loans from 75% to 90% through December 31, 2010.

Procurement

- Restores parity among all SBA small business programs.
- New government-wide policy in FAR, limiting contract bundling to no more than \$2 million unless consolidation is necessary and justified.
- New accountability measures for prime contractors, requiring them to use subcontractors listed in bid proposals and to remit payment to subcontractors within 90 days, or face poor evaluations and placement on the FAPSYS database.
- SBA will conduct a review of 1/3 of small business size standards every 18 months, completing a comprehensive review of all size standards every 5 years.
- The SBA is authorized to create mentor-protégé programs for SDVOBs, WOSBs, and HUBZone small businesses based on the 8(a) program.
- Allows long-term contractors that use percentage-of-completion method of accounting to elect bonus depreciation if depreciation term is less than seven years.

Creation of a Small Business Lending Fund

- Treasury Department will invest \$30 billion in small banks with less than \$10 billion in assets through a voluntary capital purchase program that incentivizes the banks to lend to small businesses.

Export Promotion

- Office of the United States Trade Representative (USTR) will receive funds to increase small business exporting by identifying market access and trade enforcement activities.
- Establishes a State Export Promotion Grant Program (STEP) to increase the number of small businesses that export and improve coordination between federal and states agencies and SBA resource partners.
- Authorizes increased funding for export grants available to industry association and non-profit institutions.