



## **Instant Impact Legislative Update for Week Ending February 5, 2010**

### **1) Senate Small Business Leadership Introduces Small Business Contracting Bill**

Last week, Senate Small Business Chair Landrieu (D-LA) and Ranking Member Snowe (R-ME) introduced The Small Business Contracting Revitalization Act of 2010, which seeks to boost small business contracting. The bill requires agencies to reserve a portion of orders placed against federal supply schedule, multiple-award and other government-wide acquisition contracts; closing loopholes that give big businesses an unfair advantage; adding protections for small firms and sub-contractors; reducing bundled contracts by reserving more contracts for small business concerns; and increasing transparency on agencies that do bundle contracts.

Chair Landrieu stated, "Government contracts are perhaps one of the easiest and most inexpensive ways the government can help immediately increase sales for America's entrepreneurs, giving them the tools they need to keep our economy strong and create jobs." Ranking Member Snowe remarked, "Federal contracting opportunities have served as a vital tool for American small businesses, helping them to grow, expand, and hire." She continued to say that their bill "will endow the SBA with additional and improved instruments to remedy this consistent underperformance and meet the myriad demands of an ever-changing 21st century contracting environment."

WIPPP has asked the Senate Committee to address the 10 year delay in implementation of the women's procurement program in any contracting bill moving forward. It is anticipated the Committee will introduce additional contracting bills this year.

### **2) Bipartisan Bill Proposes To Reduce Social Security Payroll Tax for New Hires**

Senators Charles Schumer (D-NY) and Orrin Hatch (R-UT) introduced bipartisan legislation aimed at assisting small business in adding jobs. The Hire Now Tax Act of 2010 (S. 2983) would exempt any private sector employer that hires a previously unemployed from the employer's portion of the Social Security payroll tax for the remainder of 2010. The employer's portion is 6.2%. The tax savings would go into effect immediately upon hire. For example, an employer hiring a \$50,000 a year worker would save \$2,583. If the employer hires in 2010 and the worker remains on the payroll for 52 weeks, an additional \$1,000 tax credit will be available.

Sen. Hatch said, "I appreciate that this proposal isn't about more and more government spending; it's about tax relief to get employers hiring again, which is exactly what millions of unemployed Americans most desperately need." The proposal is similar to the President's proposal to stimulate hiring which was announced last week.

WIPPP supports this tax reduction and hopes the Congress will move expeditiously to move the proposal forward.

To see WIPPP statement on accelerating job growth [click here](#).

### **3) Democrats In the House Seek To Bar the EPA from Regulating Greenhouse Emissions**

Democratic Members of the House joined their Republican colleagues by supporting a bill which bars the Environmental Protection Agency (EPA) from regulating greenhouse gas

emissions. Many in Congress do not believe that the EPA has the power to regulate greenhouse gas emission without Congressional action. In 2007, the U.S. Supreme Court ruled in *Massachusetts v. EPA* that the EPA had authority under the Clean Air Act to regulate greenhouse gas emissions. Since that time, EPA has been putting in place a framework to do just that.

Representatives Ike Skelton (D-MO), Collin Peterson (D-MN) and Jo Ann Emerson (R-MO) introduced a bill, H.R. 4572, in an effort to block the EPA from moving forward with plans to regulate greenhouse gas emissions. Rep. Skelton stated, "Urgent Congressional action is needed to assert leadership and make clear that EPA does not have authority to regulate these sorts of gases." Rep. Peterson added, "Americans know we're way too dependent on foreign oil and fossil fuels in this Country – and I've worked hard to develop practical solutions to that problem – but Congress should be making these types of decisions, not unelected bureaucrats at the EPA."

The Senate has undertaken a similar legislative initiative. Led by Senate Energy & Natural Resources Ranking Member Lisa Murkowski (R-AK), thirty-five Senators introduced a resolution of disapproval to bar the Environmental Protection Agency (EPA) from regulating greenhouse gas emissions without Congressional action. Three Democrats, Sens. Lincoln (D-AR), Landrieu (D-LA), and Nelson (D-NE), co-sponsored the resolution.

To view text of H.R. 4572, please [click here](#).

To view Rep. Skelton's press release, please [click here](#).

To view Sen. Murkowski's disapproval resolution, please [click here](#).

#### **4) Sen. Pryor Introduces Bill to Encourage Savings for Entrepreneurs**

In an effort to encourage savings to start businesses, Sen. Mark Pryor (D-AK) proposes to give taxpayers who want to start a business a tax free savings account. The proposal would allow up to \$10,000 per year and grow those savings tax-free for the purpose of starting up a small business. Once an individual decides to start a small business, funds in the account can be used for equipment, facilities, marketing, legal fees and other capital and operating expenses. Funds that are not used for start-up expenses or are withdrawn for other purposes would lose their tax-preferred status. Since the average cost to operate a small business in its first year is \$80,000, the tax free start-up account could significantly aid potential entrepreneurs without requiring a depletion of their retirement savings. A similar bill has been introduced in the House by Rep. Bobby Bright (D-AL).

#### **5) White House Calls for Small Business Lending Fund**

In an effort to get credit rolling to small businesses, the President believes creation of a Small Business Lending Fund might just work. The President is proposing to fund the program through money that was repaid to the Treasury from banks who borrowed money from the TARP program to the tune of \$30 billion. Community banks with assets of less than \$10 million would be eligible to receive capital investments through the program. The Administration believes that this would give eligible banks the incentive to lead to small businesses through this program. The Congress must act to put this program into place.

Small businesses have found it increasingly challenging to access lines of credit. According to a 2009 WIPP member survey, when asked what would prompt women small business owners to start hiring, "increased bank lending, lines of credit, and reasonable interest rates" was echoed as a viable solution. Given our current economic environment and the country's need to spur hiring, WIPP supports any proposal that will facilitate increased lending to small businesses.

To read the White House fact sheet on the Small Business Lending Fund [click here](#).

## **6) President's Budget for SBA Gives Clues About Small Business Priorities**

Believe it or not, we read these documents. WIPP's team member, Megan Minich, read the entire portion of the President's budget dealing with SBA. Across the board, the President proposed a 21% increase from last year for the SBA.

The bulk of new funds reflected the President's priority - small business lending. The Small Business Financing and Loan Programs supports over \$28 billion in lending. Some of the major SBA loan programs such as the 7(a), 504 and microloan programs saw steady funding from last year levels. Lending program expansions such as increasing the 7(a) maximum loan size from \$2 million to \$5 million, increasing the maximum 504 loan size from \$2 million to \$5 million, and increasing the maximum microloan size from \$35,000 to \$50,000, all were included in the proposed budget. Additionally the budget set "high priority performance goals" for the SBA, one of which was to increase the number of active SBA lending partners for the 7(a) program to 3,000 by September 30, 2011- this is a 15% increase from the FY 2008-FY 2009 average levels.

The budget included a couple of new noteworthy programs including the Regional Innovation Cluster Initiative and the Emerging Leaders Program. Both of these programs fall under the SBA's entrepreneurial development effort. The Regional Innovation Cluster Initiative is based off a few successful "clusters" from FY 2010. A cluster is "a geographic concentration of interconnected businesses, suppliers, service providers and associated institutions in a particular field."

The Regional Innovation Cluster Initiative seeks to expand this cluster idea to a regional level. Included in the budget was \$11 million for a public-private partnership entrepreneurial education initiative that will develop successful public-private partnerships to create regional innovation clusters in an effort to create and sustain an environment for small business growth. Additionally, an SBA FY 2010-FY 2011 goal is to establish a competitive grant program for these regional clusters. Three million was requested for the Emerging Leaders program. This new program involves a training program for growing businesses in distressed areas.

To read more about the SBA FY 2011 budget breakdown [click here](#).