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Congresswoman Matsui Votes for Legislation That Will Spur Lending to Small Businesses and Facilitate Job Creation

Responds to Feedback from Sacramento Small Businesses That Access to Credit is Critical to Our Community's Economic Recovery

WASHINGTON, D.C. – Today, Congresswoman Doris Matsui (D-Sacramento) voted to help small businesses grow and thrive by expanding lending and providing tax incentives. The Congresswoman lent her support to two bills that passed the House this week: H.R. 5297, the Small Business Lending Fund Act, and H.R. 5486, the Small Business Jobs Tax Relief Act.

“These two pieces of legislation will provide small businesses with much-needed relief and support during these difficult economic times,” said Rep. Matsui. “Two-thirds of new jobs created during the past fifteen years came from small businesses, and if they are not able to obtain loans to grow, or invest in their business, then our economy will suffer a prolonged recovery.”

“For the last two years, banks have cut back on lending and cut off existing lines of credit, which has stunted Sacramento’s ability to bounce back from the economic recession,” Matsui continued. “I have heard firsthand the difficulties our local small businesses are facing as a result a lack of access to credit. We need to provide strong incentives to increase lending so small businesses can continue to thrive and create the jobs necessary to get our community back in our feet.”

H.R. 5397, the Small Business Lending Fund Act, will create two programs within the Treasury Department to increase the availability of credit for small businesses: the Small Business Lending Fund (SBLF) and a State Small Business Credit Initiative. The SBLF will provide strong incentives to banks to increase lending. By being limited to smaller banks that do most of their commercial lending in loans to small businesses, the SBLF will further enable smaller banks to lend to small businesses. Small banks have significantly outperformed larger banks in maintaining lending over the last two years, and participants in the SBLF will have strong incentives to increase small business lending. For example, the banks’ dividend rates on the SBLF capital would decrease if they increase their lending. Rates could fall as low as 1% if banks increase lending by 10%.

Meanwhile, the State Small Business Credit Initiative will use \$2 billion to generate substantial private bank financing. The program will strengthen state programs that support lending to

small businesses and small manufacturers.

Additionally, H.R. 5486, the Small Business Jobs Tax Relief Act, will provide \$3.5 billion in tax incentives for small business job creation, including 100% exclusion of small business capital gains and increased deduction for start-up expenditures. Both bills are fully paid for and comply with pay as you go budgetary rules, which mean they will not add anything to the national deficit.

H.R. 5486 was passed on Wednesday by 247-170. H.R. 5297 was passed on Thursday by a 241-182 vote. The two bills will now be combined and go before the Senate for final passage.

House passage of this legislation is in addition to actions already taken to boost small business job growth, including the Recovery Act enhancement to the SBA programs, a \$40 billion Small Business Health Care Tax Credit, and the new hiring tax credit passed through the HIRE Act in March of 2010.

For more information about Congresswoman Matsui's work to support Sacramento small businesses, please [CLICK HERE](#).

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