

U.S. Senator Olympia J. Snowe
Floor Statement
Small Business Job Creation Act of 2010 (S. 3103)
Given March 10, 2010

Ms. SNOWE. Mr. President, I rise this evening to speak to the urgent imperative of job creation in our country and impress upon my colleagues that if we are serious about assisting our Nation's small businesses--the very catalysts that will lead us out of the longest and deepest recession since World War II--we cannot devolve once again into more delays. To that end, I filed an amendment to the tax extenders legislation before this Chamber which included a package of six bipartisan, achievable policy reforms designed to facilitate an entrepreneurial environment under which our Nation's almost 30 million small business firms can create new jobs. I had hoped to offer this amendment, which I am introducing today as a freestanding bill called the Small Business Job Creation Act, but after talking with the majority leader at length last week, I decided to forgo that opportunity, as the leader indicated to me personally--and to the entire Senate--that he, too, is anxious to address a small business jobs bill in the coming weeks.

Now that we have cleared the tax extenders package today and are taking up the long overdue Federal Aviation Administration reauthorization legislation, I hope the Senate as well will consider the jobs package that will include small business initiatives that are so vital and imperative to the well-being of small businesses throughout the country and that we can address this issue before the Easter recess.

As ranking member of the Senate Small Business Committee, I want to begin by taking a moment to tout the work our committee has accomplished in

this Congress. As one of the most bipartisan panels in the Congress, I appreciate the chair, Senator *Landrieu*, who has built on the foundation of 22 hearings and roundtables and reported out a series of bipartisan bills on topics ranging from access to capital, to exporting, and, just last week, small business contracting reform. I truly appreciate Chair Landrieu's approach in building a collaboration in the committee on these key issues. Most of the provisions I am championing here tonight originated from the work we have accomplished together in the committee as well.

When it comes to this jobs agenda, I would have preferred a different approach to advancing it--one that was more comprehensive and robust, frankly. This kind of piecemeal strategy is not one I would embrace. It is not one the New York Times approves of, either, for that matter. In fact, an editorial of theirs this week contained the following observation: “The danger is that with stopgap measures boosting the headline job numbers, Congress and the Administration will avoid the heavy lifting that is required to clear away the wreckage of the recession.”

So it is not enough to say jobs, jobs, jobs are the new mantra. They must be the new singular mission of this Congress that deserves rigorous action, not just in dribs and drabs but as the full-tilt agenda of this institution. Make no mistake, time is of the essence if we are to assist our Nation's small businesses. Nowhere is the test of meeting that challenge more immediate than with our Nation's small businesses, which at each turn and in every sector are having to struggle, not only at their own expense but at the expense of job creation and reversing our dire economic downturn.

Based on what I have heard firsthand from numerous small business forums in Maine that I have held, not only this year but last year, throughout the

entire year of 2009, business owners are desperate for relief, and they want answers to the pervasive uncertainty they are confronted with on so many levels.

For example, as indicated on this chart, in an economic climate devoid of continuity on tax policy, skyrocketing health care costs, onerous regulations, or volatile energy prices, how can small businesses expect to hire a new employee, buy additional equipment, expand operations, or accurately forecast their operating costs? The regrettable fact is, they cannot as long as they remain not just unsure but understandably anxious about whether or when Washington will exact another tax, levy a new mandate, promulgate another regulation, or create more bureaucracy.

A solid foundational starting point would be enacting the provisions in the amendment I filed, many of which I underscored in a letter I sent to both the majority leader and the Republican leader. Frankly, there is such wide agreement on so many of these ideas. In fact, the Small Business Committee has approved many of these provisions unanimously, and the President has called for them to be included in a jobs package. So I think most people would be shocked to learn that they are not already enacted into law.

Getting back to the original proposition, it is the fact that there is uncertainty with respect to the policies that are emanating from Washington that creates a lot of anxiety and disenchantment about the direction we are taking but more importantly anxiety about their cost of doing business. What is it going to do to increase the cost of doing business, whether or not they are prepared to hire a new employee or make investments in capital and equipment, if they do not know the certainty of the propositions that come from Washington that could add to their costs of doing business? For example, if the centerpiece of any jobs agenda is assisting the best known job creators we have--our small businesses--

then bringing some certitude to the expensing provisions in the Tax Code is unquestionably the place to begin.

I know the Senate has already enacted this legislation, extending what had been part of the stimulus plan to increase expensing immediately for small businesses to write off up to \$250,000. That expired at the end of last year, and we have extended that proposition for the remaining 10 months in this year. But then again, it will expire. So at that point, in 2011, then small businesses will only be able to write off up to \$25,000. So that is a \$225,000 decline. Exactly how does that contribute to greater confidence for small business owners? How are they supposed to look to the future in the face of a Draconian measure of that magnitude? So, really, it is important to extend the small business expensing level of \$250,000 not just for 10 months but at least for 5 years.

As we see in this chart I am showing in the Chamber this evening, between Republicans and Democrats and the administration, they support extending small business expensing, they support enacting a zero-percent capital gains rate for small businesses. So we have bipartisan solutions across the board with respect to these initiatives.

It is also important to make sure there is continuity in these policies, which is really the troubling point because it is so important to make sure they can look down the road. They might not be making a decision within the next 5 or 6 months or 10 months, but it is important for them to be able to see down the road beyond the 10 months that there is certitude with respect to the policies we are enacting, especially regarding tax relief and tax policy--the types of initiatives that, frankly, are going to be instrumental in making a difference in job creation.

So we have two initiatives here; that is, extending the small business expensing and enacting a zero-percent capital gains rate for small businesses, of which I joined with Senator *Kerry* in introducing that legislation. So it is true we can reach an agreement on some issues. That is important. And we are moving forward. But we have to give more longevity to these tax policies given the severity of the downturn, given the severity of the economic situation we face today, that it is a jobless recovery. We need to create jobs. If we are going to create jobs, then we have to create more permanent tax relief.

We have seen that with the credit crisis. Why can we not join forces and address this stifling credit crunch that is placing a perilous choke hold on our economy across the country? Why can we not agree on doing something viable and bold to confront such a universally acknowledged problem? It remains an unmitigated outrage, frankly, that the Federal Reserve's January Senior Loan Officer Opinion Survey found the percentage of banks easing credit terms for small businesses was an astonishing zero percent--zero percent. The same was true in October, the last time they conducted the survey.

So if you wanted not just to freeze credit but fossilize it, that would be the way to do it. This is not a recipe for recovery. After all, lending is critical. It is a lifeline to our economy, it is the lifeblood, and it is certainly a lifeline for small businesses if they are going to be able to have jobs, to preserve jobs, or to make investments in the future.

But here again is another area where we could take immediate action right here and now, where we can turn this deplorable trend around beginning with boosting the SBA's access to credit. My provisions include key lending provisions from the bill I introduced in the Small Business Committee with Chair *Landrieu* which was reported out of our committee with a vote of 17 to 1--overwhelmingly

bipartisan--to increase the maximum limits for the SBA 7(a) program and the 504 loan program from \$2 million to \$5 million, raising the maximum microloan limit from \$35,000 to \$50,000, and allowing for the refinancing of conventional small business loans through the SBA 504 program. Now, if fully utilized, the loan limit increases would create and retain up to an estimated 211,000 jobs.

I would note that enhancing SBA loans has already paid tremendous dividends, as in the stimulus bill, because we included these provisions which have been credited with increasing loan volumes by a remarkable 86 percent nationwide and in my own State of Maine, 227 percent. That is all as a result of what we included in the stimulus package last year in increasing and expanding the loan volumes under these programs. It obviously is indicative of what can be accomplished. So with numbers such as these, not to mention the endorsement of 80 business organizations, it is essential that we give these critical programs the ability to grow more small businesses.

Just as there is much we can do right away domestically, how about finally taking action to help our small businesses compete globally? Given that fewer than 1 percent of our small businesses export, it is all the more vital that we take advantage of this untapped market and help those enterprises sell their goods and services to 95 percent of the world's customers who live outside our borders.

In the State of the Union Address, President Obama made clear that we must double our exports over the next 5 years, and small businesses are a critical component of the administration's strategy and our national competitiveness. For this reason, my provisions were included in the small business exporting legislation I introduced with Chair Landrieu.

As this chart reveals, the provisions in the bill--larger SBA export loan limits, expanded export technical assistance, and enhanced assistance for trade promotion--had bipartisan support. They were reported unanimously by our panel and passed unanimously last December--unanimously. They have the administration's support. They have been endorsed by the U.S. Chamber of Commerce. So we have solidarity on this initiative, and for good reason, because it could create roughly 36,000 new American jobs in the year after enactment and 170,000 jobs over the next 5 years. So there is no reason on Earth why we cannot move on this bill today.

Whether we are debating trade or health care, a jobs bill or climate change, whatever the issue, it is also time we retool our thinking so that in every matter before us we are striving to create a climate in which our job creators cannot only survive but thrive. For example, for years we have had environmental impact statements. Well, in 2010, it is high time we require job impact statements. Consider that in 2009 alone, there were close to 70,000 pages in the Federal Register, and the annual cost of Federal regulations now totals more than \$1.1 trillion, with small firms bearing the brunt.

There are enough built-in impediments to starting a small business, not to mention sustaining one, without the Federal Government compounding the problem. That is why I have included language in my legislation I introduced last month with Senator *Pryor* requiring the Congressional Budget Office to provide such job impact statements for every single major initiative before Congress to evaluate its effect, positive and negative, on job creation, job losses, job preservation.

We didn't stop there. Our bill would also require Federal agencies to fully analyze the cost of regulations on small businesses which too often undermine

and usurp the entrepreneurial spirit that has defined every generation of Americans. Our bill is strongly supported by groups including the NFIB, the U.S. Chamber of Commerce, and the National Small Business Association.

My provisions include \$50 million in funding for the Small Business Development Centers which, again, provide critical technical assistance and counseling to small businesses at over 1,000 locations nationwide. The SBDC program has a proven track record of job creation, and according to an annual report by Dr. James Chrisman of Mississippi State University, between 2007 and 2008, employment levels of SBDC clients have increased 10 percent more than for businesses in general. As a result of the additional funding I am pressing for, Dr. Chrisman estimates that over 20,000 new jobs would be created, while tens of thousands more will be saved.

Finally, while it is paramount that we move forward with the initiatives I have just described, we must simultaneously be mindful of their cost. I have also included an offset for this legislation. I do happen to think it is important that we provide offsets. I think we have to reexamine the stimulus package we enacted last year, much of which has been meritorious, much of which has worked, but there are other parts of it that have yet to be implemented or expended, and I think that is the point.

The fact is, with a projected \$1.6 trillion deficit this year alone, it is essential that we look at ways in which we can pay for legislation, especially targeted toward job creation, that can be accomplished immediately. That is why I am proposing to fully offset the cost of my provision with unspent, unobligated funds that we appropriated as part of the stimulus.

I understand some of my colleagues oppose using unobligated stimulus funds as an offset, citing Congressional Budget Office data that the Recovery Act has added up to 2.1 million jobs and has preserved many jobs across this country. At the same time, I also believe it is our obligation to continually assess and reassess whether the Recovery Act is working because, after all, stimulus is supposed to be timely, targeted, and temporary. In two of the three instances it has not met those goals. In fact, as we have noted in this following chart, just \$288 billion of the \$787 billion that was enacted last February--only 37 percent of the total--has actually been spent. When you consider just the \$275 billion of the stimulus's appropriated funding for expenditures such as contracts, grants, and loans, just \$81.6 billion, or 30 percent, has been paid out.

That is where I think we need to reassess the three critical criteria of timely, targeted, and temporary. Obviously, for timeliness and being targeted, we have not met those goals. That is why I think we should redirect some of these stimulus funds to other purposes that are more effective, more immediate to do the job.

That is where our small businesses enter the equation, with these initiatives I have identified that are absolutely paramount to helping small businesses to create jobs across this country. After all, we are depending on small businesses to lead us out of this economic down turn. They have been the job generators in the past. They have created two-thirds of all the net new jobs in America.

We need to create millions and millions of jobs. We have 100,000 new entrants in the market every month, so we have to move expeditiously. That is the point here tonight. I have an array of initiatives that are very critical and vital to small business and job generation. One, we have to do it immediately. Two, we have to be focused and we have to provide continuity of policy and

certainty so that small businesses can look down the road and see what types of policies are emanating from Washington, DC.

As I said to the Secretary of the Treasury recently, would you take a risk in making investments today? Would you take a risk knowing what you are hearing in Washington? Since we will see more costs as a result of potential health care legislation, adding more costs to small businesses--and there is no question that with the Medicare payroll tax that is embedded in that legislation, that really is another hidden tax, just as the alternative minimum tax. It will raise taxes 62 percent, and it is not indexed for inflation. So we know what the exponential growth in that tax will become for small businesses. That is an example. Ten months does not make a policy of certainty with respect to tax relief.

We need to provide continuity of that policy with respect to tax relief, and small business expensing is certainly part of it. We can expand the loan limits under the SBA's programs, and 7(a) and 504 already demonstrated they can work. They did work in the year in which we expanded those programs. It has been demonstrated nationwide and certainly conclusively in my State. So why not move expeditiously to address those issues?

Finally, we can pay for it. We can redirect the stimulus. I think that is the most conservative, effective approach to paying for this legislation because, after all, if we have only spent 30 percent of the appropriated funds under stimulus and only 37 percent overall of the stimulus, we may not even spend \$600 billion at the end of this year; we need to spend it now. That is the point, is spending it now. What are we waiting for?

There is no question that there is a sense of despair across the landscape in looking at the unemployment numbers. We are not creating jobs; we are losing jobs every month. Albeit it has improved in terms of the number of jobs lost, the fact is, we need to create millions and millions of jobs in addition to offsetting the new entrants into the market every month. We have a 9.7-percent unemployment rate. That means we have to get to work, and the only way we can do that is helping small businesses, and the only way we can do that is to put these initiatives to work before the Easter recess. Let's not delay and defer. We have time to do it now. It has broad unanimous support in the Small Business Committee. There is no reason we cannot accomplish this goal now.

I appreciate the majority leader's indication and commitment that he will bring a small business package to the floor. I urge the leader and I urge all Members of the Senate to support doing that before the Easter recess because we need to adopt it now, not months from now, because people depend on these jobs. There is uncertainty, and people are looking on their Main Streets in their communities, and what are they seeing is trouble. They are wondering whether the hardware store is going to stay open, or the barbershop. That creates either certainty or uncertainty; that is what creates either despair or hope.

So I hope we would move and that we would move with a sense of urgency with respect to small businesses. If we are depending on them, then we have to get to work now. There is no reason, no rationale, no excuse for not taking action in this Chamber in this Congress that can be signed by the President and that we can move forward on. So we should strive with every fiber of our beings to help these longtime beacons of our economy, which is going to give hope to all Americans. What they deserve is to see action that will create the kind of

certainty, give them the kinds of resources that they deserve, and do it in a fiscally responsible manner.