

Bill Introduction Statement
Small Business Job Creation and Access to Capital Act of 2009
Senator Olympia J. Snowe
December 10, 2009

Mr. President, we all know the statistics are bleak. Unemployment is at 10 percent, more than seven million Americans have lost their jobs since the start of this current recession, and the National Federation of Independent Businesses' Optimism Index, a compilation of 10 survey indicators, is at 88.3, a number the NFIB calls "stuck at recession levels." These statistics, and the stories they represent present Congress with myriad challenges including: What will we do to lower unemployment, create jobs, and help our small businesses to grow again?

The legislation Chair Landrieu and I are introducing today, the *Small Business Job Creation and Access to Capital Act of 2009*, aims to meet this challenge and takes the best ideas from Republicans and Democrats, to help put American small businesses back to work. I would especially like to thank the Chair for working with me in such an open manner in developing this bill. Creating jobs and helping small businesses should not be a partisan issue and the Chair has been extremely open to my suggestions, incorporating many of the provisions I originally introduced in the *Small Business Lending Improvement Act*, the *10 Steps for a Main Street Economic Recovery Act*, and the *Next Step for a Main Street Economic Recovery Act* into this legislation.

In the past year, one cornerstone of small business recovery has been Small Business Administration (SBA) backed lending. Last year, to help address the chronic shortage of capital for small business borrowers, I introduced the *10 Steps for a Main Street Economic Recovery Act*. Many of the provisions in this legislation were included in the American Recovery and Reinvestment Act and some have been credited with helping to increase SBA loan volume 79 percent.

One provision which has been extremely popular has been fee reductions for 7(a) and 504 loans. In fact, at a round table on reauthorizing the SBA's

access to capital programs the Senate Committee on Small Business and Entrepreneurship heard from Mr. Michael Heath, the owner of Ramunto's Brick Oven Pizza in St. Johnsbury, Vermont. Mr. Heath told the Committee that the funds he saved in SBA fee reductions helped him buy his pizzeria. The bill we are introducing today would extend the fee reductions I originally proposed in *10 Steps* to December 31st, 2010. This critical step ensures that we can continue to help entrepreneurs like Mike open businesses on Main Streets across America.

Another vital provision contained in this legislation expands the number of businesses eligible for SBA-backed loans and expands the size of those loans. I originally proposed this idea in the *Small Business Lending Improvement Act* which calls for an alternative size standard that would help more small businesses meet the SBA's requirements to access SBA-backed loans, and also included it in the *Next Step For Main Street Credit Availability Act*, which includes provisions allowing borrowers to take out larger 7(a) loans, microloans, and 504 loans. President Obama has also recognized the need for larger loan sizes, and has advocated for this position as a way to create jobs and help small businesses.

Underscoring the inadequate size of SBA loans, I heard testimony earlier this year at a field hearing Senator Shaheen and I held in Portland, Maine from Mr. Richard Pfeffer, a local business owner, on how small SBA loan sizes have directly impacted his business. Mr. Pfeffer testified that his two businesses, Aroostook Starch and Gritty McDuff's, a restaurant and pub regarded by many as a Portland landmark, were close to bankruptcy not because of the economic downturn, but rather because of his inability to access larger SBA loans. Mr. Pfeffer is still in business today, and Gritty's is now serving its famous Christmas Ale, but his inability to access capital still looms and it is costing him the opportunity to expand his business and hire more workers. The increased loan limits in this bill would help Mr. Pfeffer, and others like him to put the American economy back on track.

This bill also includes another provision I proposed in March and introduced in my *Next Steps* legislation that would allow SBA borrowers to shop and compare SBA loan rates online, offering borrowers the opportunity to make an informed choice and save time and money.

Finally, the *Small Business Job Creation and Access to Capital Act of 2009* would allow borrowers of 504 loans to refinance their debt. This provision will give borrowers critical working capital that they can use to grow and expand their businesses.

These targeted reforms will help put Americans back to work, ease the capital crunch for small businesses, and help bring SBA lending into the future. I urge my colleagues to support this critical legislation to improve America's economy and increase small business lending.