

Senator Mary L. Landrieu
Statement for the Record
S. 1832

Since Congress passed and the President signed the American Recovery and Reinvestment Act in February, more than 33,000 loans – nearly \$13 billion – have gotten into the hands of entrepreneurs, helping to give more small businesses the capital they need to stock their shelves and pay their employees while creating or saving 325,000 jobs at a critical time. But as President Obama said yesterday, we must do everything in our power to help our nation’s innovators and job creators to ensure their success and our nation’s economy and future competitiveness.

Ensuring that small businesses have greater access to capital is the first, and perhaps most critical, step. In hearings, roundtables and other meetings with small business owners and lenders, I have heard time and time again that the current small business loan limits do not adequately meet their needs. To answer their urgent call for help, I am here today to introduce *S. 1832, The Small Business Access to Capital Act of 2009*. Senate Small Business Committee and Entrepreneurship members Senators John Kerry of Massachusetts, Tom Harkin of Iowa, Ben Cardin of Maryland and Jeanne Shaheen of New Hampshire, along with Senators Barbara Boxer California and Bob Casey of Pennsylvania, have joined me as cosponsors of this bill.

The Small Business Access to Capital Act of 2009 contains several of the initiatives President Obama highlighted in his speech yesterday, including raising the limits on SBA loans to as high as \$5.5 million. Coupled with lower-cost capital available to community lenders, these higher loan limits will further spur small business growth and aid in our nation’s continued economic recovery.

I have made increasing access to capital for small businesses a top priority within my Committee since the day I became Chair, leading my first Committee event on this topic in January. Since that first roundtable, Senator Snowe and I helped pass the Recovery Act’s small business provisions that eliminated SBA loan fees for borrowers to make capital more affordable, increased the loan guarantees on SBA’s largest loan program to reduce risk for banks and encourage them to lend when the economy was at its worst, and created initiatives to help unfreeze the secondary market for SBA loans so that banks would have more capital to lend small businesses. These provisions, as I mentioned earlier, helped some 33,000 businesses receive \$13 billion in capital, saving or creating 325,000 jobs.

I have also held four additional hearings and roundtables focused on increasing access to capital for entrepreneurs. Most recently, an oversight hearing on October 6 focused on what in the Recovery Act has been implemented and what additional steps Congress needs to take. Increasing loan limits was a main focus.

In addition to making greater access to capital a top priority since and prior to my becoming Chair, I have specifically supported increasing the loan limits for the past two Congresses, voting favorably for this increase in the last two SBA reauthorization bills out of the Senate Small Business Committee. My bill goes above and beyond these increases because in this recession

small business needs are greater than ever before, and the programs have not been updated in many years.

The bill I am introducing today increases the maximum 7(a) loan from \$2 million to \$5 million, increases the maximum 504 loan from \$1.5 million to \$5.5 million, and the maximum microloan from \$35,000 to \$50,000. These are all provisions that have been championed by my colleague and Ranking Member, Olympia Snowe, in S.1615, the Next Steps for Main Street Act. Additionally, the bill includes a provision to allow businesses to use 504 loan guarantees to refinance existing business debt and allows microloan intermediaries to have greater access to technical assistance grants. The bill also increases the amount that a New Market Venture Capital Company can invest in any one company, helping fast-growing businesses located in areas with chronic underemployment.

The Recovery Act included a controversial provision that exempts the National Institutes of Science (NIH) from participating in the Small Business Innovation Research (SBIR) and the Small Business Technology Transfer (STTR) programs. This provision could cost small businesses as much as \$230 million in lost r&d work, impacting the development of needed military and medical technologies and therapies. In addition, it directly counters the goals of the Recovery Act to create high-paying jobs, spur innovation and boost America's competitiveness. This bill contains a provision to correct this unfair exemption by requiring NIH to obligate \$150 million of the Recovery funds it received to be used for SBIR and STTR projects.

Last, the bill amends the America's Recovery Capital (ARC) loan program, enacted as part of the Recovery Act, so that businesses with existing SBA 7(a) loans can access this financing. The temporary ARC program offers interest-free loans to viable small businesses, which carry a 100-percent guaranty from the SBA to the lender and require no fees paid to SBA. Loan proceeds are provided over a six-month period and repayment of the ARC loan principal is deferred for 12 months after the last disbursement of the proceeds. Repayment can extend up to five years.

With small businesses making up the largest source of employment in this country, and the national unemployment rate still too high, changes like these are vital to the success of our small businesses and the competitiveness of our nation. I look forward to working with President Obama and his Administration, Ranking Member Snowe and my Senate and House colleagues to quickly pass this critical legislation and send to the President for signature.