

BECERRA PRAISES ENACTMENT OF SMALL BUSINESS LENDING AND TAX CUT BILL

WASHINGTON, DC—On Monday, President Obama signed the Small Business Jobs and Credit Act into law. Representative Xavier Becerra (CA-31), Vice Chair of the House Democratic Caucus, released the following statement on the new law.

“If not for the obstruction of Senate Republicans, billions of dollars of much-needed credit and tax cuts would already be helping small businesses create middle class jobs throughout America. Small business owners are ready to hire and our community banks want to responsibly lend them the money to do so. This new law will inject up to \$300 billion into the small business credit market while cutting taxes, making it easier for small businesses to expand and hire out-of-work Americans.”

The new law creates a new \$30 billion small business lending fund for small and medium sized community banks that could leveraged to create up to \$300 billion in total lending. Community banks, which provide the credit that small businesses need to grow and create jobs, were hit hard by the Great Recession and their ability to lend has been greatly diminished.

This lending program could ultimately save taxpayers \$1 billion over the next decade, as banks pay interest on these government loans. The bill includes performance-based incentives to make sure that banks use the money to significantly increase lending to small businesses, and face penalties and higher interest rates if they fail to do so. It also incentivizes investment in small businesses this year, promotes entrepreneurship and makes other improvements to ease tax compliance and promote small businesses’ access to opportunities provided through the federal government.