



Summary of the Small Business Jobs Act of 2010

Tax Changes

1. Allows a self-employed individual to deduct the cost of health insurance for themselves and their family when calculating their 2010 self-employment tax.
2. Increases the amount individuals can write-off from \$5,000 to \$10,000 for start-up expenditures in 2010 if the expenditure exceeds \$60,000.
3. Provides 100% exclusion of capital gains tax for purchases of small business stock made in 2010 and held for more than 5 years.
4. Allows sole proprietorships, partnerships and non-publicly traded corporations with \$50 million or less in average annual gross receipts to use all types of general business credits against any AMT (Alternative Minimum Tax) for the prior three years.
5. Extends Section 179 expensing to allow small businesses to immediately expense up to \$500,000 for tangible personal property, and up to \$250,000 for improvements to leasehold and retail property.
6. Allows businesses to write off 50% depreciation for property purchased and placed into service in 2010.
7. Permanently provides deduction for employer-provided cell phones.
8. Allows qualified small businesses to carry back their general business credits to offset five years of taxes.

Access to Capital

1. Increases SBA loan limits
 - a. 7(a) loans from \$2 million to \$5 million
 - b. 504 loans from \$1.5 million to \$5.5 million
 - c. Micro loans from \$35,000 to \$50,000
 - d. Express Loan Enhancement from \$350,000 to \$1 million for one year (expires 9/27/11)
2. Eliminates fees for 7(a) and 504 loans through 12/31/10
3. Increases government guarantees on 7(a) loans from 75% to 90% through 12/31/10
4. Beginning spring 2011, the law will allow some small businesses to refinance their owner-occupied commercial real estate mortgages into the 504 loan program (expires 9/27/12)
5. Establishes a three-year intermediary lending pilot program for SBA to make direct loans to eligible non-profit lending intermediaries.

6. Provides \$1.5 billion in grants to states to support state-run small business lending programs.
7. Allows for low-interest financing under the Local Development Business Loan Program.

Procurement

In an effort to make it easier for small businesses to get government contracts, some of the changes include:

1. Restores parity among all SBA small business programs, meaning no one program has priority over another. When awarding contracts that are set-aside for small businesses, contracting offers are free to choose among women and service-disabled veterans, as well as companies participating in HUBZone and 8(a) programs.
2. Makes it harder for agencies to 'bundle' contracts, a practice that makes it more difficult for small businesses to compete.
3. Gives contracting officers the ability to reserve orders for small business participation on contracts with multiple awards, including the Federal Supply Schedule (GSA Multiple Award Schedule).
4. The SBA is authorized to create new mentor-protégé programs (similar to the 8(a) Program) for Service Disabled Veteran Owned Small Businesses (SDVOSB), Women Owned Small Businesses (WOSB), and HUBZone companies.
5. Requires a good faith effort by primes to use small businesses that were included in preparing and submitting a proposal.
6. Prompt payment for small business subcontractors, penalty in the form of potentially adverse past performance ratings.

Export Promotion

1. Office of the U.S. Trade Representative (USTR) will receive funds to increase small business exporting by identifying market access and trade enforcement activities.
2. Establishes a State Export Promotion Grant Program (STEP) to increase the number of small businesses that export and improve coordination between federal and state agencies and SBA resource partners.
3. Authorizes increased funding for export grants available to industry association and non-profit institutions.

Sources: (1) Small Business Administration (SBA.gov/jobsact); (2) WIPP (Women Impacting Government Policy)