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DEMOCRATIC STEERING AND  
POLICY COMMITTEE  
VICE CHAIRMAN

**HENRY CUELLAR**  
U.S. HOUSE OF REPRESENTATIVES

SENIOR WHIP

October 2011

Dear Friend:

The future of American lies in the hands of Main Street – small businesses, entrepreneurs and innovators who engage and grow our national economy. Today, there are over twenty-seven million small businesses in the United States that create nearly two-thirds of all new jobs. Small businesses prove to be the ultimate job creators, which is why I want to supply you with the necessary resources to fuel more American jobs and promote your business' success.

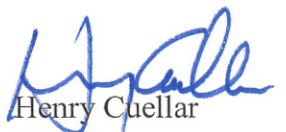
In order to be successful, you need useful information that allows you to start-up, create new jobs, stay afloat and expand in the community. In these difficult economic times, I joined my colleagues in the House to strengthen small businesses, giving them the right tools for success. My friend and Ranking Member to the Small Business Committee, Representative Nydia Velázquez prepared resources that I believe you may find helpful in your effort to sustain or create your small business.

In this document, you will find information on Small Business Administration program loans and financing resources. Also included is helpful information on available tax incentives and resources, as well as small business contracting and exporting information.

The expansion of small businesses in our community is critical to laying the groundwork towards a stable and growing economy. With forty-nine percent of businesses failing within five years, I want to lower that rate and increase your odds to keep your business operating.

This document is a good resource to start and sustain your business. I look forward to working with you in the coming year to improve the communities in the 28<sup>th</sup> District of Texas. My door is always open to you. Your comments, concerns, and ideas are always welcome.

Sincerely,

  
Henry Cuellar  
U.S. Congressman  
28<sup>th</sup> District of Texas

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*Prepared by Rep. Nydia Velázquez, Ranking Democrat on Small Business Committee*

### **Access to Capital is Access to Opportunity**

**The single biggest driver of success for small businesses is their ability to secure affordable capital, and last year they used more than \$1 trillion in financing.**

- An entrepreneur's ability to secure financing is up to 30 percent responsible for its survival and growth.
- In fact, for startups, bank loans, credit cards, and lines of credit make up to 75 percent of their initial funding.
- Capital and credit allow entrepreneurs to startup, purchase inventory, expand, and strengthen the underlying financials of the business.
- This leads us to the question, what are the conditions that you are seeing for capital and credit, and how are they affecting your business?
- What has your experience been with seeking bank loans and are you increasing your reliance on credit cards?

**Due to the recent economic climate, many small firms have turned to the SBA to satisfy their financing needs. The SBA operates several programs including:**

- For startup businesses seeking low-dollar loans, there is the Microloan program. The SBA makes funds available to specially designated intermediary lenders, who provide lending as well as management and technical assistance. This could provide as much as \$65 million in small dollar loans to budding entrepreneurs this year.
- The 7(a) program is the largest single source of long-term financing for small businesses, making up 40 percent of all such loans. More than 50,000 entrepreneurs secured nearly \$20 billion through the 7(a) program in FY 2011.
- Another option to secure a loan is the 504 program, which is primarily used to finance fixed assets, such as real estate or equipment. In the last year, businesses received nearly 7,500 loans for more than \$7 billion.
- Finally, there is the SBIC program, which is an option for fast growing businesses that require capital to expand, as well as the expertise of an investment firm. In the SBIC program, more than 1,000 businesses are given access to nearly \$2 billion in long-term investment capital annually.



Securing a loan or an investment has become more challenging than ever and there are resources that can help.

- For instance, Small Business Development Centers have staff that know the ins and outs of local financing markets and can help navigate these waters. They offer classes and one-on-one training – and can also connect you to local small business lenders and investors.
- Women's Business Centers which serve both men and women are another great resource. They also provide assistance for those seeking capital.
- It is important that both those considering a startup, as well as those currently in business, use these resources. They can make a real difference for entrepreneurs seeking capital and credit.

Small businesses, which are responsible for nearly 70 percent of job creation, remain at the center of the economy. It is critical that they are able to secure financing to grow and I will work to make sure these sources of affordable commercial capital are readily available in our local community.

#### Small Business Financing Resources

- You can locate **microloan lenders** in your area on the SBA's website here: [http://www.sba.gov/sites/default/files/Microloan%20Intermediary%20List\\_5.pdf](http://www.sba.gov/sites/default/files/Microloan%20Intermediary%20List_5.pdf)
- **SBA 7(a) Lenders** can be located here: <http://www.sba.gov/category/lender-navigation/search-sba-lenders?select=proximity>
- For the 504 program, you may find local **Certified Development Companies** by accessing the National Association of Development Companies website here: [http://www.nadco.org/i4a/member\\_directory/feSearchForm.cfm?directory\\_id=12&pageid=3378&showTitle=1](http://www.nadco.org/i4a/member_directory/feSearchForm.cfm?directory_id=12&pageid=3378&showTitle=1)
- The National Association of Small Business Investment Companies maintains a searchable directory on its website: <https://ssl.whoglue.net/nasbic/search/default2.cfm?showSearchForm=yes>
- **Local Small Business Development Centers** can be found at: [http://www.asbdc-us.org/About\\_Us/SBDCs.html](http://www.asbdc-us.org/About_Us/SBDCs.html)
- **Local Women's Business Centers** can be found at: <http://www.sba.gov/about-offices-content/1/2895/resources/13729>

*Prepared by Rep. Nydia Velázquez, Ranking Democrat on Small Business Committee*

### **Tax Incentives to Help Small Businesses Hire and Grow**

**Small businesses will lead the recovery by putting more Americans back to work.**

- The unemployment rate is at 9.1%, with millions of Americans out of work and job growth stalled.
- The President's plan tackles these issues by targeting billions of dollars at small businesses by creating new tax cuts that provide immediate incentives for firms to hire and invest right now.
- Payroll taxes, which make up some of the largest tax burden for small firms, will be cut in half.
- A broad array of hiring tax credits will be available which will put more Americans back to work immediately.
- In order to get small firms investing and hiring again, we need to make smart choices that will have an immediate impact. What tax incentives are most beneficial for small firms like yours?
- Over half the President's plan focuses on tax cuts. What do you think is the right balance to spur economic growth?

**The payroll tax reduction will be especially beneficial for small firms.**

- Next year, employer paid payroll taxes will be cut in half. This means that a small firm with 50 workers earning an average of \$50,000 a year would receive an \$80,000 tax cut.
- The non-partisan Congressional Budget Office (CBO) estimates that the employer payroll tax cut is one of the most effective job creators by helping firms reduce labor costs.
- Every American worker will see more money in their paycheck because they too will receive a tax cut. On average, this will save American families \$1,500 a year, giving them more purchasing power.

### **Hiring tax credits will create new jobs for out-of-work Americans.**

- Completely eliminating payroll taxes for small firms that add new workers or increasing the wages of their current workforce will greatly benefit our nation's job creators.
- The National Federation of Independent Business, an advocate for small businesses, has said that a payroll tax holiday could reduce unemployment and keep people working during a period of slowed economic growth.
- Firms that hire long-term unemployed workers will be eligible for an additional \$4,000 tax credit. This type of extra incentive is one of the most effective ways to accelerate job growth.
- These bonus tax cuts will allow smaller firms to expand their payrolls bringing down the unemployment rate.

### **For those firms ready to invest in new equipment, the President's plan allows 100% expensing of business purchases.**

- At a time when capital purchases are low, 100% deductibility of business purchases rewards firms for making investments in their business.
- Small businesses in particular benefit from this tax deduction because it is simple to use and encourages them to invest in newer, more efficient, and more environmentally friendly equipment.
- When small business can write-off the full amount of investments they make, this puts cash quickly back into a small business owner's hands allowing them to use that money for other business needs.

**Small businesses, which are responsible for nearly 70 percent of job creation, remain at the center of the economy. The tax incentives included in the President's plan are targeted directly at small firms, not big corporations. Doing so will ultimately get more Americans working again.**



## Small Business Tax Resources

- You can locate how enacting the President's plan will benefit your firm here:<http://www.whitehouse.gov/the-press-office/2011/09/08/fact-sheet-and-overview>
- You can locate **Employer Payroll Tax** information here:  
<http://www.irs.gov/businesses/small/article/0,,id=172179,00.html>
- **Self-Employment Tax** information can be located here:  
<http://www.irs.gov/businesses/small/article/0,,id=98846,00.html>
- Information on the **Hiring Tax Credit** can be located here (but please note: the information posted is for the Hiring Incentives to Restore Employment Act and will be updated to reflect any changes in the law):  
<http://www.irs.gov/businesses/small/article/0,,id=220745,00.html>
- You can locate **information on how 100% expensing (Bonus Depreciation) benefits your firm** here:  
<http://www.irs.gov/businesses/small/article/0,,id=230307,00.html#2022>
- **General Small Business and Self-Employed Tax** information can also be found at:  
<http://www.irs.gov/businesses/small/index.html>
- You can locate information on the **Taxpayer Advocate Service**, which provides free information, and is a voice for small firms here:  
<http://www.irs.gov/advocate/article/0,,id=212313,00.html>

*Rep. Nydia Velázquez, Ranking Democrat on Small Business Committee*

### **Getting Customers through Small Businesses' Doors**

**It is important for the economic recovery that we generate sales growth.**

- Surveys find that 40 percent of businesses reported that a decline in consumer spending is the most significant challenge for small firms.
- What do you see right now as the largest factors in driving consumer spending?
- The number one issue facing local firms is increasing customer traffic. What do you think needs to take place in order for that to happen?

**The American Jobs Act will help drive small business sales growth.**

- The payroll tax reduction will stimulate the economy and increase consumer spending at small firms.
- This will put more money in the pockets of working and middle class families by extending and expanding cuts to the payroll tax that comes out of every worker's paycheck. On average, this will save American families \$1,500 a year, giving them more purchasing power.
- More needs to be done to drive new revenue growth. Finding new markets will be especially important to accomplishing this goal.
- Have you considered looking into either export opportunities or selling your product in the federal marketplace as a way of expanding your business? If you haven't, would you be interested in exploring these options?

**There are opportunities for small firms both abroad and right here in the U.S.**

- One such possibility is to begin working with the federal government. The government purchases products from a wide range of industries presenting opportunities for all businesses no matter what your field.
- In 2010 alone, the federal government bought more than \$537 billion in goods and services through more than 500 million contracts, doubling in the last decade. Small businesses were awarded contracts worth more \$97 billion in 2010.
- Each agency by law is required to set goals on the amount of contracting dollars it wants to award to small businesses; this means every agency is looking to work with small businesses in order to help achieve these goals.

- Agencies have programs that will train and teach small firms about the federal marketplace as well as channel contracts to them.
- The government pays its bills on time—agencies are mandated to pay small businesses within 30 days of the government receiving invoices for goods or services. The Obama administration has reduced this period even further to 15 days.

**Another option is to begin looking outward to foreign markets.**

- International trade presents a major opportunity for many entrepreneurs, which produce 30 percent of all exports.
- Exports directly support nearly 10 million jobs, which pay on average about 15 percent more than your typical wage.
- According to data released by the Department of Commerce, exports grew by nearly 17 percent in 2010, which shows there are opportunities.
- Programs exist to help small businesses identify these new markets, finance your product, and provide technical assistance with exporting.

**Clearly, we have to get more customers in the door.**

- The Jobs Act will put money back in the economy and spur consumer spending.
- Foreign markets and opportunities with the federal government can also help businesses increase revenue.
- Together, this can enable small firms to grow stronger and provide the foundation to lead the American economy forward.



## Small Business Contracting Resources

- To find contracting opportunities please see: <https://www.fbo.gov/>
- To register to do business with the government see:  
<https://www.bpn.gov/ccr/default.aspx> & <https://orca.bpn.gov/login.aspx>
- Information on the **8(a) Business Development Program** can be found at:  
<http://www.sba.gov/content/8a-business-development-0>
- Information on the **HUBZone Program** can be found at:  
<http://www.sba.gov/category/navigation-structure/contracting/working-with-government/small-business-certifications-audiences/hubzone-certification>
- **Women-Owned Small Business Program** information is located at:  
<http://www.sba.gov/content/women-owned-small-business-federal-contract-program>
- Contact information for agency **OSDBU** offices can be found at:  
<http://www.osdbu.gov/members.html>
- Information for the **Service-Disabled, Veteran-Owned Small Business Program** can be located at: <http://www.sba.gov/content/veteran-service-disabled-veteran-owned>
- Information on the **SBA Mentor-Protégé Program** can be found at:  
<http://www.sba.gov/content/mentor-protege-program>.
- **Local Small Business Development Centers** can be found at: <http://asbdc-us.org/>
- **Local Women's Business Centers** can be found at: <http://www.sba.gov/about-offices-content/1/2895/resources/13729>
- **Local Procurement Technical Assistance Centers** can be found at:  
<http://www.aptac-us.org/new/>
- **Local Veteran Business Outreach Centers** can be found at:  
<http://www.sba.gov/content/veterans-business-outreach-centers>

## **Small Business Exporting Resources**

A starting place for small business owners interested in selling abroad is:  
[export.gov/exportbasics](http://export.gov/exportbasics)

**U.S. Export Assistance Centers** can be found at: [export.gov/eac/index.asp](http://export.gov/eac/index.asp)

The **Department of Commerce's Small Business Export Program**: [export.gov/eac/index.asp](http://export.gov/eac/index.asp)

The **Small Business Program at the U.S. Export-Import Bank** can be found at:  
[www.exim.gov/smallbusiness](http://www.exim.gov/smallbusiness)

The **OPIC Small Business Program**: [www.opic.gov/small-business](http://www.opic.gov/small-business)

**SBA's International Trade Program**: <http://www.sba.gov/about-offices-content/1/2889>

*Prepared by Rep. Nydia Velázquez, Ranking Democrat on Small Business Committee*

### **Right-Sizing Regulations for Small Business**

**While regulations have many benefits, they do have a greater impact on small businesses than their corporate counterparts.**

- Studies indicate that complying with federal rules cost more than \$10,000 per worker for businesses with 19 or fewer workers, but only 78 percent of that amount for businesses with 500-plus workers.
- Reducing the impact of major rules has been a focus. In fact, the cost of these rules has been lower in the first two years of the Obama administration than in the final two years of the Bush administration. We still have a long way to go, but we have begun to change the direction.
- What regulations are you most concerned about?
- Are you seeing a greater regulatory impact at the federal, state, or local levels? Is there a better way to coordinate this interaction?

**Regulations and complying with them can certainly be confusing, but you are not in it alone and there are resources to help you.**

- All federal agencies provide extensive guidance on regulatory compliance, with a goal of limiting time and effort spent complying with regulations.
- SBA's Regulatory Fairness Board's provide an outlet for local entrepreneurs' concerns with regulations.
- SBA's National Ombudsman receives comments from small business concerns and acts as a liaison between them and federal agencies. We can help you access all of these resources.

**The Obama Administration is also working to ease compliance costs.**

- The President has directed all agencies to reduce regulatory burdens and costs.
- He has called for a government-wide review of rules now on the books, which will get rid of many outdated regulations that are impacting small business growth.
- A fraction of the initiatives described in the plans will save more than \$10 billion over the next 5 years alone. That will allow small businesses to spend less on compliance and more on investing in their business.

**As those responsible for creating two-thirds of net new jobs, we must make sure that small businesses can focus on what they do best – economic growth. Providing small businesses**



with the support they need, while also right-sizing regulations will enable them to grow stronger and hire the new employees that America's economy needs.

### Small Business Regulatory Resources

- The **SBA's Office of Advocacy**, which advocates on behalf of small business regulatory matters, can be found at: <http://www.sba.gov/advocacy>
- **Regional Advocates at the Office of Advocacy**, who serve as resources for local small businesses can be located here: <http://www.sba.gov/content/regional-advocates>
- The **SBA's Regulatory Ombudsman** who assists small businesses with unfair regulatory actions, can be found here: <http://www.sba.gov/ombudsman>
- **Information on federal regulations** can be found at: <http://www.regulations.gov/>
- The White House **Office of Information and Regulatory Affairs** can be found at: [http://www.whitehouse.gov/omb/inforeg\\_default](http://www.whitehouse.gov/omb/inforeg_default)
- **White House Executive Order on Regulatory Reviews and Agency Regulatory Reduction Plans** can be found: <http://www.whitehouse.gov/21stcenturygov/actions/21st-century-regulatory-system>
- **EPA's Small Business Office:** <http://www.epa.gov/smallbusiness/>
- **OSHA's Small Business Office:** <http://www.osha.gov/dcsp/smallbusiness/index.html>