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SBA says stimulus bill will boost small business

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- **Planning underway for quickest small business impact**
- **'Will truly help small business owners affected by the credit crunch'**

The stimulus bill signed into law this week by President Barack Obama contains a package of loan fee reductions, higher guarantees, new SBA programs, secondary market incentives, and enhancements to current SBA programs that will help unlock credit markets and begin economic recovery for the nation's small business sector, the SBA says.

"The tax incentives and credit stimulus elements of the Recovery Act will truly help small business owners affected by the credit crunch, and will provide financing opportunities to help them create new jobs in their communities," says Acting SBA Administrator Darryl Hairston.

"There's a lot to digest in the legislation, and SBA has established teams to tackle a wide variety of policy decisions, system modifications, regulatory changes, legal requirements, and new program launches authorized by the President and Congress," he says.

The bill provides \$730 million to SBA and makes changes to the agency's lending and investment programs so that they can reach more small businesses that need help, the agency says.

The funding includes:

- \$375 million for temporary fee reductions or eliminations on SBA loans and increased SBA guaranteed shares, up to 90 percent for certain loans
- \$255 million for a new loan program to help small businesses meet existing debt payments
- \$30 million for expanding SBA's Microloan program, enough to finance up to \$50 million in new lending and \$24 million in technical assistance grants to microlenders
- \$20 million for technology systems to streamline SBA's lending and oversight processes
- \$15 million for expanding SBA's Surety Bond Guarantee program
- \$25 million for staffing up to meet demands for new programs
- \$10 million for the Office of Inspector General

The bill also authorizes refinancing for certain SBA loans so borrowers can expand their businesses on favorable terms, and expands leverage capability for Small Business Investment Companies.

"We are going to be part of the solution, and this bill gives us specific tools to make it easier and less expensive for small businesses to get loans, give lenders new incentives to make more loans, and help restore healthy SBA secondary markets to boost liquidity," says Mr. Hairston, noting also that more details on implementation will be coming over the next few weeks.

Declines in SBA lending volume last year, which are continuing in FY 2009, reflect problems in the broader credit markets, and present hurdles to small businesses that are seeking credit in the current economy, the SBA says.

The financial crisis has created a variety of conditions that impact small businesses, including a lack of liquidity in the banking system, a reluctance of many lenders to extend new loans, tightened credit standards, weaker finances at small businesses, and uncertainty about taking on new debt on the part of many entrepreneurs.

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