



The Small Business Jobs Act
PROMOTING ENTREPRENEURSHIP

American entrepreneurs are a key driver of our job creation efforts. The Small Business Jobs Act fosters one of our nation's greatest economic resources - the creativity and ambition of American entrepreneurs – by creating the right conditions for entrepreneurs to start and invest in small businesses and create jobs. Nearly all net job creation in the United States from 1980 to 2005 occurred in firms that were less than five years old.¹ In fact, without these start-ups, net job creation would have been negative almost every year for the past three decades. We must do all we can to ensure American entrepreneurs have the resources, financing and opportunities they need to create jobs and realize their dreams. The Small Business Jobs Act will help entrepreneurs get the capital they need by increasing the incentives for investors to purchase and hold equity in start-ups. The following provisions in the Small Business Jobs Act will help promote entrepreneurship.

- ***Increased Deduction for Start-up Expenditures***

The legislation rewards entrepreneurship by doubling the amount of start-up expenses an entrepreneur can immediately deduct this year from \$5,000 to \$10,000. This provision frees up capital to use in other aspects of the entrepreneur's business.

- ***Small Business Export Promotion***

The Office of the United States Trade Representative (USTR) plays an important role in promoting U.S. exports, and recently increased its focus on small business export promotion in particular. USTR has enhanced small business exports in several respects, including the creation of the position of Assistant USTR for Small Business, Market Access, and Industrial Competitiveness within USTR. This official will help ensure that USTR's trade policy addresses the challenges facing smaller U.S. exporters and promotes global export opportunities for them. The legislation devotes more than \$5 million to the U.S. Trade Representative to expand opportunities for U.S. small businesses in foreign markets. This funding will help American goods and services to reach new customers around the world and would create jobs here at home. This provision also helps USTR to enforce our trade agreements to ensure that American start-ups can compete on a level playing field.

- ***Enhanced Small Business Trade Opportunities***

The legislation improves the Small Business Administration's (SBA) trade and export finance programs and establishes the State Export Promotion Grant Program (STEP), which would increase the number of small businesses that export goods to other countries. This provision will leverage more than \$1 billion in export capital for small businesses, which will create or save as many as 40,000 to 50,000 jobs in 2010 alone.

¹ Kauffman Foundation Research Series: Firm Formation and Economic Growth, *Where Will The Jobs Come From?*, November 2009

- ***Improved Small Business Contracting***

The legislation removes the red tape and closes loopholes that too often put government work into the hands of multinational corporations instead of Main Street businesses. Increasing contracts to small businesses by just two percent will create more than 60,000 jobs. The legislation also provides for a periodic review of small business size standards to ensure that size indicators are consistent with inflation and industry growth of small businesses. It requires accountability from large business prime contractors for prompt payment to small business subcontractors – making sure small businesses get the funds for their services quickly so they can have the stability they need to create jobs.

- ***Relief for Community Partners***

The legislation allows SBA to waive or reduce the non-federal share of its funding requirements for up to one year, through fiscal year 2012 – making it cheaper and easier for entrepreneurs to get small business loans. The legislation also gives relief to Women’s Business Centers and microloan intermediaries, which provide assistance to underserved communities to start and grow small businesses. The SBA estimates that this microloan program will create or save more than 10,000 jobs in Fiscal Year 2011.