



For Immediate Release  
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**Floor Statement of Senator Max Baucus (D-Mont.)  
Regarding Provisions to Promote Access to Capital in the Small Business Jobs Bill**

Mr. President, this week, the Senate has returned to the small business jobs bill.

Small businesses are central to our efforts to create jobs.

Small businesses employ half of America's private-sector workforce. In my home state of Montana, small businesses employ more than 90 percent of all private-sector employees.

Over the past 15 years, small businesses have created two-thirds of America's new jobs. That's about 12 million new jobs.

And historically, during recessions, small businesses bear the brunt of employment losses. The Great Recession has been no exception. Over the course of the Great Recession, small firms have accounted for between 64 and 80 percent of net job losses.

Plainly, to create jobs, we need to find ways to help small businesses.

Small businesses continue to face significant obstacles to expanding and hiring. One of the biggest obstacles is getting capital.

A recent study by the National Federation of Independent Business found that only half of small businesses trying to borrow are able to get the capital they need. Nearly a quarter are not able to get any credit at all.

Compare that to 2005. Five years ago, 90 percent of small employers were able to get the capital they needed. And only eight percent were not able to get any credit at all.

Small business lending has dropped significantly. From the second quarter of 2008 to the third quarter of 2009, small business borrowing fell by more than \$20 billion.

A number of factors have contributed to this decline. Banks have tightened lending standards and terms for new credit. Banks have reduced risky assets to improve their capital positions. Falling real estate values have limited the ability of small business owners to use their own assets to guarantee or collateralize loans. And credit card terms have also worsened.

Over the course of the Great Recession, small businesses in my home state of Montana have faced many of these obstacles.

For example, Grains of Montana, a restaurant and bakery based in Billings, had trouble finalizing the terms of its SBA loan. This delayed the expansion of their bakery. And when a potential franchisee in Arizona was unable to secure funding, the deal fell through.

Companies like Grains of Montana need to get capital to grow and hire new employees.

We must act to get credit flowing. We must increase access to capital so that small employers can begin hiring again. And that's exactly what the small business jobs bill would do.

The small business jobs bill includes a provision that would completely eliminate the tax on the sale of certain small business stock purchased from this bill's enactment through the end of 2010 and held for five years. This proposal would provide a powerful incentive to invest in small, entrepreneurial firms, right now.

The bill also includes a provision for certain small businesses that expands the carry-back period for general business credits determined this year from one year to five years. And our bill allows these general business credits against the Alternative Minimum Tax.

And another provision would temporarily shorten the holding period required after a C corporation converts to an S corporation in order to avoid triggering a gain on assets. This provision would allow small businesses to increase their liquidity by selling assets that would otherwise be subject to an additional layer of tax.

All of these provisions free up business capital for expansion and job growth.

In past recessions, small firms were the first to begin hiring again. We must ensure that this trend continues, as we recover from the Great Recession. We can achieve this by helping small businesses get the capital that they need.

I urge my colleagues to support the small business jobs bill.

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