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President Obama Signs Small Business Jobs Act - Learn What's In It

Posted by [Jesse Lee](#) on September 27, 2010 at 02:37 PM EST



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“I’m thrilled to be here on what is an exciting day,” said the President as he prepared to sign the Small Business Jobs Act this afternoon. With small business owners who will receive tax breaks and better access to credit in the audience, the President explained to everybody why he has fought so long for it:

Now this is important because small businesses produce most of the new jobs in this country. They are the anchors of our Main Streets. They are part of the promise of America – the idea that if you’ve got a dream and you’re willing to work hard, you can succeed. That’s what leads a worker to leave a job to become her own boss. That’s what propels a basement inventor to sell a new product – or an amateur chef to open a restaurant. It’s this promise that has drawn millions to our shores and made our economy the envy of the world.

The bill includes a series of small business proposals that the President put forth earlier this year, and small businesses will start benefiting from the bill on day one. Among the many important provisions in the bill, twelve of the top benefits to small businesses are:

- ***Extension of Successful SBA Recovery Loan Provisions —Immediately Supporting Loans to Over 1,400 Small Businesses:*** With funds provided in the bill, SBA will begin funding new Recovery loans within a few days of the President’s signature, starting with the more than 1,400 businesses – with loans totaling more than \$730 million – that are waiting in the Recovery Loan Queue. In total, the extension of these provisions provides the capacity to support \$14 billion in loans to small businesses. The SBA Recovery loan provisions have already supported \$30 billion in lending to over 70,000 small business.
- ***A More Than Doubling of the Maximum Loan Size for The Largest SBA Programs:*** The bill also increases the maximum loan size for SBA loan programs, which in the coming weeks will allow more small businesses to access more credit to allow them to expand and create new jobs. The bill will permanently raise the maximum size for SBA’s two largest loan programs, increasing the maximum 7(a) and 504 loans from \$2 million to \$5 million, and the maximum 504 manufacturing related loan from \$4 million to \$5.5 million. In addition, it will temporarily increase the maximum loan size for *SBA Express loans from \$350,000 to \$1 million*, providing greater access to working capital loans that small businesses use to purchase new inventory and take on their next order – allowing them to create new jobs.
- ***A New \$30 Billion Small Business Lending Fund:*** The bill would establish a new \$30 billion *Small Business Lending Fund* which – by providing capital to small banks with incentives to increase small business lending – could support several multiples of that amount in new credit.

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- ***An Initiative to Strengthen Innovative State Small Business Programs – Supporting Over \$15 Billion in Lending:***The *bill* will support at least \$15 billion in small business lending through a new State Small Business Credit Initiative, strengthening state small business programs that leverage private-sector lenders to extend additional credit – many of which have been forced to cut back due to budget cuts.
- ***Eight New Small Business Tax Cuts – Effective Today, Providing Immediate Incentives to Invest:*** The President had already signed into law eight small business tax cuts, and on Monday, he is signing into law ***another eight new tax cuts that go into effect immediately.***
 - ***Zero Taxes on Capital Gains from Key Small Business Investments:***Under the Recovery Act, 75 percent of capital gains on key small business investments this year were excluded from taxes. The Small Business Jobs Act temporarily puts in place for the rest of 2010 a provision called for by the President – elimination of all capital gains taxes on these investments if held for five years. ***Over one million small businesses are eligible to receive investments this year that, if held for five years or longer, could be completely excluded from any capital gains taxation.***
 - ***Extension and Expansion of Small Businesses’ Ability to Immediately Expense Capital Investments:*** The bill increases for 2010 and 2011 the amount of investments that businesses would be eligible to immediately write off to \$500,000, while raising the level of investments at which the write-off phases out to \$2 million. Prior to the passage of the bill, the expensing limit would have been \$250,000 this year, and only \$25,000 next year. ***This provision means that 4.5 million small businesses and individuals will be able to make new business investments today and know that they will earn a larger break on their taxes for this year.***
 - ***Extension of 50% Bonus Depreciation:***The bill extends – as the President proposed in his budget – a Recovery Act provision for 50 percent “bonus depreciation” through 2010, providing ***2 million businesses, large and small, with the ability to make new investments today and know they can receive a tax cut for this year*** by accelerating the rate at which they deduct capital expenditures.
 - ***A New Deduction of Health Insurance Costs for Self-Employed:***The bill allows ***2 million self-employed to know that on their taxes for this year, they can get a deduction for the cost of health insurance*** for themselves and their family members in calculating their self-employment taxes. This provision is estimated to provide over \$1.9 billion in tax cuts for these entrepreneurs.
 - ***Tax Relief and Simplification for Cell Phone Deductions:***The bill changes rules so that the use of cell phones can be deducted without burdensome extra documentation – making it easier ***for virtually every small business in America to receive deductions that they are entitled to, beginning on their taxes for this year.***
 - ***An Increase in the Deduction for Entrepreneurs’ Start-Up Expenses:***The bill ***temporarily increases the amount of start-up expenditures entrepreneurs can deduct from their taxes for this year*** from \$5,000 to \$10,000 (with a phase-out threshold of \$60,000 in expenditures), offering an

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immediate incentive for someone with a new business idea to invest in starting up a new small business today.

- ***A Five-Year Carryback Of General Business Credits***:The bill would allow certain small businesses to “carry back” their general business credits to offset five years of taxes – ***providing them with a break on their taxes for this year*** – while also allowing these credits to offset the Alternative Minimum Tax, reducing taxes for these small businesses.
- ***Limitations on Penalties for Errors in Tax Reporting That Disproportionately Affect Small Business***:The bill would change, ***beginning this year***, the penalty for failing to report certain tax transactions from a fixed dollar amount – which was criticized for imposing a disproportionately large penalty on small businesses in certain circumstances – to a percentage of the tax benefits from the transaction.

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