SMALL BUSINESS LENDING ENHANCEMENT ACT OF 2009

Mr. UDALL of Colorado. Mr. President, as our Nation begins its economic recovery, our unemployment numbers still remain far too high. Too many Americans are unable to find work, which only slows the pace of our emergence from recession. As part of my continuing effort to support tailored, fiscally responsible methods to getting our economy back on track, I am proud to discuss a bipartisan bill that I introduced this week with several of my Senate colleagues from both sides of the aisle.

The bill is the Small Business Lending Enhancement Act of 2009, which is cosponsored by Senator SCHUMER, Senator LIEBERMAN, Senator SNOWE, Senator BOXER, Senator COLLINS, and Senator GILLIBRAND. If enacted, this legislation would immediately allow increased lending for small businesses to the tune of billions of dollars. It would do so in a safe and fiscally responsible way, without calling on the Federal Government to spend a dime. And best of all, it could lead to large-scale job creation in my home State of Colorado and around the country. For these reasons, I hope that our Senate colleagues join us in urging swift passage of this common-sense legislation.

Small businesses are the engine of our Nation's economy. In the last 15 years, small businesses have generated nearly two-thirds of all new jobs created in the United States, and they currently employ more than half of the American workforce.

However, small businesses continue to struggle accessing credit, as large banks have significantly cut back on Main Street lending. According to a recent Treasury Department report, the 22 banks that have received the most funding through the Troubled Asset Relief Program, TARP, cut their collective small business loan balances by $11.6 billion from April through October of this year.

America's community banks, which by-and-large did not receive Federal bailout funds, are doing all they can to fill the Main Street credit vacuum created by these large financial institutions. While this legislation I have authored is aimed at helping credit unions ramp up their small business lending, I have also joined with many of my colleagues this year in support of a number of initiatives that will help community banks increase lending to small businesses.

The Small Business Lending Enhancement Act will further these efforts to free up credit for small business. Under current statute, credit unions are required to limit member business lending to 12.25 percent of the credit union's total assets. This bill would raise that cap to 25 percent of total assets, and increase the minimum business loans subject to the cap from $50,000 to $250,000. These provisions would increase the amount that credit unions already offering business loans could provide to small businesses, while also encouraging more credit unions to enter the business loan market. Under current law, many credit unions find it difficult to start member business lending programs because the cost of meeting high regulatory and staffing requirements is too expensive relative to the cap. Raising the member business lending cap would make it easier for credit unions to recover costs, and therefore would increase the number of credit unions able to start small business loan programs.

The Credit Union National Association estimates that these sensible reforms would increase small business lending by $10 billion within the first year of their enactment, including an increase of nearly $200 million in my home State of Colorado. This new access to credit would likely produce more than 100,000 new jobs nationwide within the first year of the bill's enactment. That is the sort of pro-business, pro-jobs policy that we need.

Mr. President, these simple statutory changes would not increase Federal outlays one cent, but they would dramatically increase the amount of private capital available to small businesses to help make payroll, buy inventory, and expand and innovate. Moreover, these proposed statutory changes are safe and fully supported by the National Credit Union Administration, the independent Federal regulator with oversight of our Nation's credit unions. To further ensure the safety and soundness of credit unions, this bill requires the NCUA to submit a semiannual report to Congress on the status of credit union member business lending, including any recommendations for legislative changes. In sum, this is a responsibly drafted bill that could help spur much-needed economic growth and job production.

Mr. President, we have to do all we can to responsibly unlock credit markets for small businesses in Colorado and throughout the country. I believe this legislation is an important piece of that effort. I look forward to working with my colleagues on both sides of the aisle to quickly pass the Small Business Lending Enhancement Act, and allow our nation's small businesses to again set our country on a path toward job growth and further prosperity.

TAX EXTENDERS

Ms. LANDRIEU. Mr. President, as the Senate moves forward toward ending the debate on health care reform and recessing until the New Year, we leave some important legislation unfinished, including legislation that would extend a number of tax provisions that are set to expire on December 31 of this year. The House has already acted to extend a number of these expiring tax provisions, and I urge my colleagues on the Senate Finance Committee to work with Senator BAUCUS and Senator GRASSLEY to take up this legislation immediately when we come back from recess.

As part of this effort, I urge my colleagues to extend tax provisions, some of which are set to expire this year, that were enacted by Congress to aid the recovery of the gulf coast after the 2005 hurricane season. Hurricane Katrina devastated the gulf coast and recovery efforts to date have been delayed because of a continuing shortage of skilled construction workers, limited financing, and sustained increases in construction and insurance costs. These challenges have been compounded by the current economic crisis.

By extending a number of the tax provisions that were enacted as part of the Gulf Opportunity Zone legislation that Congress passed in 2005, a number of important projects, including low-income housing projects, will have adequate time to overcome development challenges, and create more opportunities for displaced residents looking to return after the 2005 storms. This will result in more jobs and a faster recovery for the gulf coast. If Congress fails to act to extend the tax provisions of the GO Zone legislation, including the placed-in-service provision of the GO Zone low-income housing tax credit, at least 77 low-income housing projects in the Gulf Coast are at risk of not being completed.

Mr. President, I ask unanimous consent that a letter I wrote requesting an extension of the placed-in-service provision of the GO Zone low-income housing tax credit be included in any tax extenders legislation be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, DC, December 9, 2009.

Hon. MAX BAUCUS,
Chair, Senate Committee on Finance, Washington, DC.

Hon. CHARLES GRASSLEY,
Ranking Member, Senate Committee on Finance, Washington, DC.

DEAR CHAIRMAN BAUCUS AND RANKING MEMBER GRASSLEY: We write to request your support for extending the placed-in-service date for affordable housing developments in the Gulf Opportunity Zone.

As you know, GO Zone low income housing tax credits have been vital in our effort to restoring the number of affordable housing units along the Gulf Coast. Tough economic conditions, however, have prevented many of these projects from moving forward at the pace necessary to meet the placed-in-service deadline of January 1, 2011.

Together this bipartisan group of Gulf Coast senators has been working to extend this deadline for two years, to allow 77 low income housing projects in Louisiana, Mississippi, and Alabama to move forward and creating more than 13,000 construction-related jobs. This legislation would not allocate any new credits—it would merely provide additional time to take full advantage of the credits that were issued in the aftermath of the 2005 hurricanes.

Extending the place-in-service deadline is critical to improving the availability of affordable housing along the Gulf Coast. FEMA estimates that the 2005 storms destroyed or heavily damaged 82,000 rental