



SENATOR HARRY REID, MAJORITY LEADER FIGHTING FOR NEVADA'S SMALL BUSINESS OWNERS



Small businesses play a vital role in the economy by spurring innovation, job creation, and competition. That is why Senator Reid is fighting to provide tax relief for small business owners, to ensure they have access to credit to meet immediate payroll demands and long-term capital investments, and to make it easier for small businesses to provide health insurance benefits to their employees. Senator Reid is committed to fostering an economic environment that promotes the entrepreneurial spirit.

Senator Reid Has a Long Record of Fighting to Cut Taxes for Small Businesses. Throughout his career, Senator Reid has advocated for legislation to cut taxes for small businesses. Senator Reid championed the *American Recovery and Reinvestment Act* (Recovery Act) which contained a number of provisions to ease the tax burden on small businesses, expanded the net operating loss carryback, and provide tax relief for the cancellation of indebtedness. He also supported exempting small businesses from Social Security payroll taxes and extending favorable cost recovery rules under Section 179 of the Internal Revenue Code.

• ***Senator Reid Championed the Recovery Act Which Provided a Number of Tax Breaks for Small Businesses.***

The Recovery Act promotes capital investment in small businesses by allowing investors to exclude 75% of any gain they realize on the sale of eligible small business stock acquired between February 18, 2009 and December 31, 2010. The law also allowed small businesses to immediately write-off the cost of certain capital expenditures made in 2009 instead of deducting these costs over several years. It provided estimated tax relief for small business owners with less than \$500,000 of adjusted gross income, reduced the holding period from ten to seven years for corporate tax relief on the sale of appreciated assets in 2009 and 2010 by S corporation that were previously organized as C corporations, and permitted employers to claim a tax credit for unemployed veterans and disconnected youth in 2009 and 2010. [H.R. 1, Senate Vote 64, 02/13/09, P.L. 111-005]

• ***Senator Reid Expanded the Net Operating Loss Carryback.*** The Recovery Act provided tax relief to small businesses by allowing those with up to \$15 million in gross receipts to use losses incurred in 2008 to recover federal income taxes paid in the five previous years. This provision helped small businesses stay in business – and keep their employees on the job – by providing access to cash. Senator Reid has also supported the Worker, Homeownership, and Business Assistance Act of 2009 which expanded the

HIGHLIGHTS OF SENATOR REID'S SMALL BUSINESS RECORD

- ★ Senator Reid Has a Long Record of Fighting to Cut Taxes for Small Businesses
- ★ Senator Reid Supported Initiatives that Increase Access to Capital for Small Businesses
- ★ Senator Reid Championed Legislation to Help Small Businesses Provide Health Insurance Benefits to Their Employees
- ★ Senator Reid Has Repeatedly Voted to Improve Federal Contracting Goals for Small Businesses
- ★ Senator Reid is Committed to Passing Legislation Crafted Specifically to Help Small Businesses

Net Operating Loss Carryback to apply to firms of all sizes and to include losses incurred in 2008 and/or 2009. [H.R. 1, Senate Vote 64, 02/13/09, P.L. 111-005; H.R. 3548, Senate Vote 334, 11/04/09, P.L. 111-092]

- ***Senator Reid Advocated for Cancellation of Indebtedness.*** Businesses needing to restructure their debts in order to survive the economic downturn found themselves facing a significant tax penalty as a result of that process. As part of the Recovery Act, Senator Reid was instrumental in pushing through relief from this tax penalty, helping Nevada companies to improve their balance sheets and save thousands of jobs. [H.R. 1, Senate Vote 64, 02/13/09, P.L. 111-005]
- ***Senator Reid Supported Exemption from Social Security Payroll Taxes.*** To help small businesses create jobs, Senator Reid supported giving businesses an exemption from Social Security payroll taxes in 2010 for every new worker who has been unemployed for at least 60 days. To encourage employers to retain these employees, the law provides an additional \$1,000 income tax credit for every new employee retained for 52 weeks. [H.R. 2847, Senate Vote 23, 02/22/10, P.L. 111-147; H.R. 2847, Senate Vote 25, 02/24/10, P.L. 111-147]
- ***Senator Reid Extended Favorable Cost Recovery Rules Under Section 179 of the Internal Revenue Code (IRC).*** This provision will help small businesses grow by lowering their taxes when they make investments. “Expensing” under Section 179 allows small businesses to reduce their taxes by deducting up to \$250,000 of the cost of investments made in 2010, rather than waiting to recover the costs through depreciation over a number of years. [H.R. 2847, Senate Vote 23, 02/22/10, P.L. 111-147; H.R. 2847, Senate Vote 25, 02/24/10, P.L. 111-147]

Senator Reid Supported Initiatives that Increase Access to Capital for Small Businesses. Senator Reid shepherded passage of the Recovery Act, which strengthened the ability of the Small Business Administration (SBA) to provide capital and help to small businesses, and has followed up that effort by extending further the loan program provisions. The Recovery Act raised the 7(a) Loan Guarantee Program from a 70% guarantee to a 90% guarantee and appropriated \$375 million for the program, as well as allowing the SBA to guarantee loans under the 504/CDC Loan Guarantee Program if the 504/CDC Lender keeps 5% with a \$3 billion guarantee limit. It also established the American Recovery Capital (ARC) Loan Program, which provides interest-free, fee-free loans up to \$35,000 or 6 months of loan repayment, with a 100% SBA guarantee that small businesses can repay over the five years starting after one year, and allocates \$24 million for technical assistance and \$20 million for lender oversight in the microloans program. In addition, the Recovery Act permanently raises the surety bond limit from \$2 million to \$5 million and raises the private capital leverage amount for Small Business Investment Companies (SBIC’s) to the lesser of 300% of the capital investment or \$150 million, and requires that at least 50% of ventures capital be invested in low-income areas (under the New Market Ventures Capital definition). Lastly, the Recovery Act provides below market interest rate loans to “Systemically Important Secondary Broker-Dealers (SISBD’s) to purchase the SBA-guaranteed part of loans. [H.R. 1, Senate Vote 64, 02/13/09, P.L. 111-005; H.R. 4213, Senate Vote 48, 3/10/10]

Senator Reid Championed Legislation to Help Small Businesses Provide Health Insurance Benefits to Their Employees. In 2000, Senator Reid supported a tax credit to small businesses with up to 25 employees for providing health insurance to low-income workers with an income between \$5,000 and \$16,000. Recently, in an effort to help small businesses owners combat rising health care costs, Senator Reid fought hard to pass comprehensive health care reform that will lower costs and increase choices for employers. *The Patient Protection and Affordable Care Act* immediately lowers the cost of health insurance for small

businesses with up to 25 employees and with average annual wages less than \$50,000 by providing a tax credit for the cost of health care they provide to their employees. [S.Amdt. 3852, Senate Vote 205, 07/17/00; H.R. 3590, Senate Vote 396, 12/24/09, P.L. 111-148]

Senator Reid Has Repeatedly Voted to Improve Federal Contracting Goals for Small Businesses.

In 2005, Senator Reid required the Transportation Secretary to inform state and local governments that receive federal funding to recognize contractors that have been certified as minority contractors. In 2007, Senator Reid supported requiring agencies to publish “small entity compliance guidelines to ensure that small firms are able to comply with new rules. In 2009, Senator Reid ensured the Recovery Act would establish a number of priority small business contracting allocations. These include doubling renewable energy generating capacity over three years, computerizing health records in five years, investing in the nation’s roads, bridges and mass transit systems to create or retain 400,000 jobs, undertaking a weatherization program with a goal of modernizing 75% of federal buildings and two million homes, and launching school modernization for approximately five million students. Most recently, to help protect existing procedures for contracting with small businesses, veterans, and Indian tribes, Senator Reid also required the Department of Homeland Security to enter into federal contracts that are consistent with current law. [S.Amdt. 600 to H.R. 3, Senate Vote 116, 05/09/05, P.L.109-059; S.Amdt. 103 to H.R. 2, Senate Vote 20, 01/23/07; H.R. 1, Senate Vote 64, 02/13/09, P.L. 111-005; S.Amdt. 1468 to H.R. 2892, Senate Vote 226, 07/09/09, P.L.111-83]

Senator Reid is Committed to Passing Legislation Crafted Specifically to Help Small Businesses.

Small businesses, which are the backbone of our state’s economy and the principle engine of job creation, have been hardest hit by this recession. The *Small Business Job Act* will not only create the economic environment small businesses need to weather this storm, but to grow and put Nevadans back to work. This legislation gives small businesses some \$15 billion in immediate tax relief, incentivizes small business lending, and promotes entrepreneurship through contracting parity and export assistance. These provisions are projected to help small businesses across the country create as many as 500,000 new jobs. [H.R. 5297, Senate Vote 237, 09/16/10]

- ***Access to Capital*** The *Small Business Jobs Act* increases the SBA’s 7(a) loan limits from \$2 to \$5 million, 504 loans from \$1.5 to \$5.5 million, and microloans from \$35,000 to \$50,000. It extends the Recovery Act’s SBA loan programs with increased guarantees and eliminates fees through the end of 2010. This legislation also establishes a Small Business Lending Fund to provide small, community banks with capital at a low rate if they demonstrate an increase in their small business lending. Among several other provisions aimed at increasing access to capital, such as a 100 percent exclusion of gain from the sale of small business stock and a five-year carryback for general business credits, the *Small Business Jobs Act* provides grants to States to support small business lending programs.
- ***Encouraging Investment*** The *Small Business Jobs Act* gives entrepreneurs much-needed tax relief to help them make the investments that will allow their businesses to grow. The bill increases the amount of property that can be immediately expensed under Internal Revenue Code Section 179 to \$500,000 for 2010 and 2011 and increases the threshold at which this benefit is phased out to \$2 million. The proposal also expands the Section 179 program to allow taxpayers to write-off the cost of qualified leasehold improvement property, qualified restaurant property, and qualified retail improvement property. The bill also extends “bonus” depreciation to allow businesses to immediately write-off 50 percent of the cost of certain capital expenditures purchased and placed in service in 2010. It also allows business owners to deduct the cost of health insurance incurred in 2010 for themselves and their family members for purposes of calculating their 2010 self-employment tax.

- **Promoting Entrepreneurship** The *Small Business Jobs Act* promotes entrepreneurship by increasing the deduction for start-up expenditures to \$10,000, subject to a \$60,000 phase-out threshold. It also provides funding for the United States Trade Representatives market access and trade enforcement activities targeted at helping small businesses increase access to foreign markets. This legislation improves contracting opportunities for small businesses by creating a level playing field for restricted competition programs and holding large business prime contractors accountable for prompt payment to small business subcontractors. The bill provides relief to community partners such as Women’s Business Centers (WBCs), which provide assistance to underserved communities to start and grow small businesses. It also provides an additional \$50 million for the Small Business Development Centers to provide technical assistance to small business owners and entrepreneurs.

Carson City

600 East William St., Ste. 302
Carson City, NV 89701
Phone: 775-882-7343

Las Vegas

333 Las Vegas Blvd. S., Ste. 8016
Las Vegas, NV 89101
Phone: 702-388-5020

Reno

400 S. Virginia St., Ste. 902
Reno, NV 89501
Phone: 775-686-5750

Washington DC

522 Hart Senate Office Bldg
Washington, DC 20510
Phone: 1-866-SEN-REID