



CONGRESSMAN  
**JOHN SARBANES**  
REPRESENTING MARYLAND'S 3RD CONGRESSIONAL DISTRICT



## Small Business Guide to the American Recovery and Reinvestment Act (ARRA)

Dear Friends:

Small businesses are our largest employer and serve as the engine that drives our economy. Yet small business owners have been forced to confront the dire consequences of a deep recession head-on—stretching reserves to meet payroll, struggling to maintain inventory and making hard choices to avoid furloughs, layoffs and bankruptcy. I want to take this opportunity to share a few programs contained in the American Recovery and Reinvestment Act (ARRA), also known as the economic stimulus package, that allow Federal, State and Local governments, working hand-in-hand with our non-profit sector, to help small businesses weather the storm.

Sincerely,

### **Reforming The Tax Code To Help Small Business Grow**

#### **Extension of Bonus Depreciation**

Companies are eligible for a 50% bonus deduction on depreciable equipment purchased through 2009—an incentive for business investment, expansion and growth.

#### **Extension of Enhanced Small Business Expensing**

Small Businesses may deduct the value of certain capital expenses during the year in which they were made, instead of over time through depreciation. Through the end of 2010, small businesses may deduct up to \$125,000 per year from annual income, with a total cap of \$500,000.

#### **5-year Carry-Back of Net Operating Losses for Small Businesses**

Small businesses may carry back net operating losses for the five years prior to the year that the loss arises, cutting small business tax liability and keeping capital in the hands of small business owners.

#### **Temporary Small Business Estimated Tax Payment Relief**

Certain small businesses qualify for a reduction in estimated tax payments for 2009.

### **Encouraging Innovation Through Small Business Grants**

#### **Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR)**

<http://www.sbir.gov>

The U.S. Small Business Administration (SBA) Office of Technology administers the Small Business Innovation Research (SBIR) Program and the Small Business Technology Transfer (STTR) Program. Through these two competitive programs, SBA ensures that the nation's small, high-tech, innovative businesses are a significant part of the federal government's research and development efforts--awarding \$2 billion to small high-tech businesses.

### **Boosting Small Business Lending**

#### **Micro-Loan Program**

This program provides very small loans to start-up, newly established or growing small businesses. Under the SBA Micro-Loan Program, SBA makes funds available to non-profit, community-based lenders (intermediaries) which, in turn, make loans to eligible borrowers in amounts up to a maximum of \$35,000.

#### **7(a) Loan Guarantee Program**

The 7(a) loan program provides capital to establish a new business or to assist in the operation, acquisition or expansion of an existing business. To ensure small businesses have access to 7(a) loans, the Small Business Administration has reduced or eliminated the fees associated with this lending program.

#### **504 Loan Program**

The 504 loan program provides capital for fixed asset projects, such as purchasing land and improvements; construction of new facilities; modernizing, renovating or converting existing facilities; or purchasing machinery and equipment. To ensure small businesses have access to 504 loans, the Small Business Administration has reduced or eliminated the fees associated with this lending program.

#### **Business Stabilization Program**

The Business Stabilization Program allows for principal and interest deferrals for up to six months on qualifying SBA loans for viable small businesses that are experiencing immediate financial hardship.

To find out more information about specific tax provisions as they apply to your business, please visit the IRS online at [www.irs.gov](http://www.irs.gov) or contact their small business helpline at 1-800-829-4933.

To find out more information about SBA-sponsored lending options, please visit the SBA online at [www.sba.gov](http://www.sba.gov) or contact their small business helpline at 1-800-U-ASK-SBA (1-800-827-5722).

# Small Business Guide to the American Recovery and Reinvestment Act (ARRA)

Call my office at 410-832-8890 to receive copies of my newsletter, the Sarbanes Standard, by mail, or visit <http://www.sarbanes.house.gov> to subscribe by e-mail

## **Placing a “Green Thumbprint” on Small Business**

### **Renewable Energy Development Tax Credits**

These incentives include a three-year extension of the production tax credit (PTC) for electricity derived from wind (through 2012) and for electricity derived from biomass, geothermal, hydropower, landfill gas, waste-to-energy, and marine facilities (through 2013).

### **Energy Efficiency Tax Credits**

Extending and expanding important tax credits through 2010 for purchases of energy efficient appliances and other goods—including new furnaces, energy-efficient windows and doors, or insulation—will assist small businesses like the air conditioning and heating contractors who install heating and cooling equipment.

To find out more about how to build a green, energy efficient small business, visit the Energy Star program online at [www.energystar.gov](http://www.energystar.gov) or by phone at 1-888-STAR-YES (1-888-782-7937).

## **Providing Help With Small Businesses Development**

### **Maryland Small Business Development Center (SBDC)**

<http://www.mdsbdc.umd.edu>

The Maryland Small Business Development Center (MDSBDC) Network provides sound advice, counseling and support to entrepreneurs and small to mid-size businesses across the state. The Network links private enterprise, government, higher education and local economic development organizations to provide management, training and technical assistance to Maryland’s small businesses.

#### **Central Maryland Office (Baltimore City, Baltimore, Anne Arundel and Howard Counties)**

Phone: 410.296.5613  
Toll Free: 877.421.0830  
Fax: 410.296.6142

### **Maryland Procurement Technical Assistance Program (PTAP)**

<http://www.mdptap.umd.edu/>

The Baltimore-Washington corridor is also home to a large community of small businesses that compete for the vast array of government contracts awarded by the federal government each year. The federal government has set a goal of awarding 23% of all contracts to small businesses. The Maryland Procurement Technical Assistance Program assists Maryland small businesses in how to do business with federal, state, and local government agencies.

#### **Statewide Procurement Assistance**

[admin@mdptap.umd.edu](mailto:admin@mdptap.umd.edu)

Phone: 301.403.2740

Fax: 301.403.2743

### **Tax Incentives Assistance Project**

<http://www.energytaxincentives.org>

The Tax Incentives Assistance Project (TIAP) is sponsored by a coalition of public interest nonprofit groups, government agencies, and other organizations in the energy efficiency field. It is designed to give businesses information they need to make use of the federal income tax incentives for energy efficient products and technologies.

### **U.S. Small Business Administration**

<http://www.sba.gov>

The SBA helps Americans start, build and grow businesses. Through an extensive network of field offices and partnerships with public and private organizations, SBA delivers its services to people across Maryland and throughout the United States.

#### **SBA Answer Desk**

1-800-U-ASK-SBA (1-800-827-5722)

[answerdesk@sba.gov](mailto:answerdesk@sba.gov)

#### **Baltimore District Office**

City Crescent Building, 6th Floor  
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