



SBLC WEEKLY

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SCRATCHING MY HEAD

The Senate continues to defy any sort of “conventional wisdom.” It managed to go through a whole week working on a small business lending and tax relief bill and as best as I can tell, it just got itself back to where it started the week.

In between, the Senate decided to remove the Small Business Lending Fund (SBLF) portion of the bill and then took a procedural vote to allow it to be added back in as an amendment. The SBLF is the \$30 billion fund that would go to community banks and others to help with their small business lending.

SBLF has created an interesting split between Senate Small Business Committee Chair Mary Landrieu (D-LA) and Committee Ranking Republican Olympia Snowe (R-ME). Senator Landrieu supports creation of the SBLF. SBLC has supported it. The arguments in opposition have centered on the fact it will be a “TARP junior” (Troubled Assets Relief Program) and that extending recent improvements to SBA lending programs is a better alternative. Our understanding is most of the TARP like aspects have been removed and this is not structured

as a bail out but as an incentive program for community banks and others. As far as SBA lending programs go, while we have no objections to them, the plain reality is by their design and purposes, they help very few existing businesses. A couple of sectors of membership of SBLC use them regularly but the most common call I get from SBLC member associations is after their members look at SBA programs, asking me “Is there anything else?”

There is a lot of good tax relief stuff in the bill ranging from an increase in the direct expensing allowance to easing the penalty for engaging in “listed transactions.” The worst item in the bill is the doubling of the penalties for inadvertent errors in filing Forms 1099.

At the end of week, like the Senate, we were back to where we were at the beginning of the week, asking: Does the Senate Majority Leader have 60 votes to pass the small business lending and tax relief bill? And yes, it is possible the Senate will pass the bill and the House will hang around long enough to take it up and pass the Senate version before heading home.

ENVIRONMENTAL ISSUES

One environmental issue came off the table last week and one has been added. The one that came off the table is comprehensive “climate change” reform. No carbon tax this month. Senate Majority Leader Harry Reid (D-NV) said there is no time for it before the August recess. No kidding. As a practical matter, hard to see Congress acting on it in September.

Representatives Bobby Rush and Henry Waxman, Chairman of the Committee on Energy and Commerce, have introduced H.R. 5820, the Toxic Chemicals Safety Act of 2010, to revise the Toxic Substances Control Act (TSCA) of 1976, which governs the safety of chemicals in commerce. Senator Frank Lautenberg (D-NJ) has introduced a Senate bill.

TSCA is one of those laws that if you are affected by it, you know it. If you are not, you don’t want to know.

Under the TSCA, the Environmental Protection Agency (EPA) has the authority to “compile, keep current, and publish a list of each chemical substance that is manufactured or processed in

the United States." TSCA states that "the term 'chemical substance' means any organic or inorganic substance of a particular molecular identity, including - (i) any combination of such substances occurring in whole or in part as a result of a chemical reaction or occurring in nature, and (ii) any element or uncombined radical." TSCA does not include chemical substances subject to other US statutes such as foods and food additives, pesticides, drugs, cosmetics, tobacco, nuclear material, or munitions. What we often hear about is the "TSCA inventory." The inventory includes more than 84,000 chemical substances.

The bill makes some changes which the environmental advocates' community has sought and as I understand it there are some changes sought by the industries most directly affected. No surprise, there are some things in it with which the business community disagrees.

WEEKLY

Officially, the Weekly is going on hiatus as is our custom until Congress returns after Labor Day. Having said that, if the Senate does pass the small business lending and tax relief bill, I will have a report next week.