

This copy is for your personal, noncommercial use only. You can order presentation-ready copies for distribution to your

colleagues, clients or customers [here](#) or use the "Reprints" tool that appears next to any article. Visit www.nytreprints.com for

samples and additional information. [Order a reprint of this article now.](#)



July 21, 2010

Senate Democrats' Plan to Aid Small Businesses Hits G.O.P. Resistance

By DAVID M. HERSZENHORN

WASHINGTON — Perhaps the last best hope of Democrats to pass legislation aimed at creating jobs before the November elections seemed to be crumbling in the Senate on Wednesday as Republicans signaled that they would block a bill to expand government lending programs and grant an array of tax breaks to small businesses.

Wrangling over the small-business measure began in earnest after Senate Democrats, breaking a two-month partisan logjam, finally succeeded in winning an extension of unemployment insurance. The vote was 59 to 39, with two Republicans joining Democrats in support of the extended benefits, which are retroactive to June 1. One Democrat, Senator Ben Nelson of Nebraska, voted against it.

Shortly after the vote, the majority leader, Senator [Harry Reid](#), turned to the small-business bill, one of the few items left on the Senate's dwindling agenda before the August recess. Indeed, it had been on the floor intermittently over the last several weeks, only to be pulled to make way for other legislation including the extension of unemployment insurance.

But with some Democrats viewing the small-business bill as critical to their political prospects in November, Senate Republicans were not about to let it through easily, and have insisted on a chance to

offer amendments.

In a bid to save the bill, Democrats released a new version of it on Wednesday night without a \$30 billion lending program. But Mr. Reid immediately introduced an amendment that would restore the fund, and he continued to block any Republican amendments. Democratic aides said talks with the Republicans would continue, and they were still hopeful that some form of the measure would be approved.

President Obama called on the Senate to approve the bill in a statement in the Rose Garden on Monday. “We all have to continue our efforts to do everything in our power to spur growth and hiring,” he said. “And I hope the Senate acts this week on a package of tax cuts and expanded lending for small businesses, where most of America’s jobs are created.”

He also raised the issue in his weekly radio and Internet address on Saturday. The White House said Mr. Obama would continue pushing for the bill.

“Small businesses are the engine of private sector job creation, and the president will fight against any attempts by the partisan minority to block progress on legislation that helps our economic recovery,” a spokeswoman, Amy Brundage, said.

Senator **Mary L. Landrieu**, Democrat of Louisiana and chairwoman of the small-business committee, who is a main author of the legislation, said the Senate Republican leader, **Mitch McConnell** of Kentucky, seemed intent on denying Mr. Obama and the Democrats a chance to pump up the economy ahead of the midterm elections.

“I think Senator McConnell knows and believes this bill could actually create millions of jobs and doesn’t want to give the president and Democrats credit for doing what we do, which is standing up for the middle class,” Ms. Landrieu said.

“If Democrats don’t stand for small business, I don’t know what we stand for,” she added. “I don’t want to go into this election standing for Wall Street and big business.”

The main point of disagreement is the centerpiece of the legislation: a proposed \$30 billion lending program that would make credit available to small businesses through local banks. Some Republicans have decried the proposal as a mini “bailout” and said they would vote against it.

The most prominent potential Republican supporter of the bill, Senator [Olympia J. Snowe](#) of Maine and the senior Republican on the small-business committee, said Wednesday that she firmly opposed the \$30 billion program because it echoed the huge bailout of Wall Street, the [Troubled Asset Relief Program](#), which has become a political liability for lawmakers who supported it even though many economists say it was a success.

“It has all the quality and features of the TARP program,” Ms. Snowe said in an interview outside the Senate chamber. “I think we’ve been down that road.”

With Ms. Snowe opposed, Democrats were trying to persuade other Republicans, including Senator George LeMieux of Florida, to support the bill but seemed to be coming up short. A senior Republican aide said the bill would be approved only if Democrats dropped the \$30 billion plan. In a letter to Mr. Reid and Mr. McConnell, the [Independent Community Bankers of America](#) and 29 state community banking associations urged approval of the lending plan.

If it is dropped, what would be left is a package of slightly more than \$12 billion in tax breaks for small businesses, including provisions that would allow quicker tax write-downs of capital expenditures, known as accelerated depreciation, as well as a break on capital gains taxes from the sale of certain small-business stock if the stock is held for more than five years. Administration officials said a pared bill would still be helpful.

The bill would also expand several [Small Business Administration](#) loan programs, increasing loan limits and, in some cases, eliminating borrower fees. And it would allow small business to carry back general business tax credits to offset their tax bills from the previous five years.

Mr. McConnell said Mr. Obama and the Democrats had only themselves to blame for the delay in acting on the small-business measure, because they had repeatedly pulled it off the floor and had also denied Republicans an opportunity to offer amendments. "If the president wants to criticize someone for slowing it down, he should point the finger at his own party for repeatedly taking it off the floor," Mr. McConnell said.

The extension of unemployment insurance provides benefits through November to millions of Americans who have been out of work for six months or more, ending a politically charged fight.

The \$34 billion unemployment measure now heads to the House, where approval as early as Thursday was expected.

Democrats were harsh in their criticism of Republicans who held up the unemployment money by refusing to vote for it unless some way was found to keep the costs from being added to the deficit.

Carl Hulse contributed reporting.



More in Politics (1 of 28 articles)

OPEN

Washington Memo: Warren's Candidacy Raises a Partisan Debate

[Read More »](#)