

(June 17, 2005) Rep. Lipinski Helps Small Business Owners Get Relief from High Cost Loans

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WASHINGTON, DC - For small businesses that have been forced to pay exorbitant fees, a sigh of relief came through this week when an amendment to the Science, State, Justice and Commerce (SSJC) Appropriations bill successfully passed in the House of Representatives to reinstate funding for the Small Business Administration's 7(a) loan program. Congressman Dan Lipinski voted in favor of the amendment.

The amendment will restore funding to the FY04 level of \$79 million, despite opposition from the Administration. Funding for the loan program was eliminated last year, which caused upfront fees for loans under \$150,000 to double from \$1,500 to \$3,000. For larger loans, fees are now as much as \$50,000. Since the fee increases, the cost of the program has risen, less capital has gone into the economy, small businesses have received smaller loans, and the number of active lenders in the program has steadily declined. The amendment is designed to reverse these negative effects.

Congressman Lipinski, who serves as ranking member of the Workforce, Empowerment, and Government Programs Subcommittee of the Small Business Committee, said "I am glad to see the House step up to support our small businesses. Access to affordable capital is essential for a growing small business. A bipartisan coalition of Members realized what was happening to this program, and acted to restore the previously cut funding."

The 7(a) loan program, which provides 30 percent of all long term loans, is a proven job creator. For every \$33,000 loan, one job is created. The legislation would help create an additional 500,000 jobs, and would help the program to achieve record levels of loans.

"Small businesses are a major source of job creation in our country," Congressman Lipinski said. "By restoring funding to the 7(a) loan program, we can help keep costs down for the entrepreneurs who stimulate economic growth and create new jobs."