

December 8, 2010

## **Governor's Office Signals Plans to Seek Small Business Funds with Prodding from Democrat**

By Mike Hailey

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Governor Rick Perry's office is taking steps to apply for federal funding under a new small business loan program that Democrats pushed through Congress this fall despite almost unanimous Republican opposition.

The governor's office confirmed in a letter last week to a freshman state lawmaker who'd sought Perry's intervention that it had informed the U.S. Treasury Department of the state's plans to seek funds under the State Small Business Credit Initiative that was created by legislation that President Barack Obama signed in late September.

Aaron Demerson, Perry's executive director for economic development and tourism, told State Rep. Eric Johnson that the governor's staff will be reviewing the process that states must undertake to request funds under the small business credit program by the deadline for applications on June 26.

Johnson - a Dallas Democrat who was unopposed in a special election last spring after ousting an incumbent in the March primary - had encouraged Perry in a letter early last month to take advantage of the newly-created federal program that's designed to give private lenders more incentives to invest in small business loans.

"One of the main challenges that small business owners have told me they face is accessing the capital needed to expand their businesses," Johnson said.

Johnson said that the Council of State Governments estimates that Texas would be eligible to receive about \$46.5 billion that would be used to leverage \$465 million in lending from private sources under the SSBCI. Johnson said that the U.S. Department of Labor estimates that small businesses have been responsible for about two-thirds of the new jobs that have been created across the nation during the past 16 years. But the legislator said that many small businesses haven't been able to obtain the financial assistance they need to expand their operations and workforce.

The SSBCI was established by the Small Business Jobs and Credit Act of 2010, which also authorized a \$30 billion fund that will be used to purchase stock and other holdings from financial institutions that would get preferential interest rates on loans to small businesses. The legislation that created the small business lending program was approved by the U.S. House in September on a vote of 221-186 with all of the chamber's Republican members voting against it. While 16 U.S. House Democrats opposed the measure, all of the Democrats in the Texas delegation voted for it.

The bill cleared the Senate earlier that month on a 61-38 vote with support from all of the Democrats and two Republicans. U.S. Senators John Cornyn and Kay Bailey Hutchison of Texas both voted against the measure.

Perry's willingness to consider participation in the small business credit program is all the more interesting in light of the massive amount of criticism he directed at the federal government during his campaign for re-election this year.