

Congressman Ted Deutch

Florida's 19th District

Small Business Resource Guide



THEODORE E. DEUTCH
19TH DISTRICT, FLORIDA

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Congress of the United States
House of Representatives
Washington, DC 20515

Dear Friend,

In Florida, firms with fewer than 500 employees are our chief job creators. In fact, our 426,000-plus small businesses represent 99 percent of all employers in Florida, and nearly 95 percent of them employ less than 50 workers.

The financial crisis of 2008 and the brutal recession that followed have posed incredible challenges to business owners across America. Meeting directly with small business leaders in South Florida, I have heard concerns over poor access to lines of credit, skyrocketing health insurance costs, soaring property insurance premiums, and the stagnant real estate market. These are some of the issues I hope to address in while working in Washington.

I assembled this small business guide in order to better acquaint you with the resources available from the federal government aimed at helping small businesses. I have also included an updated snapshot of our economic recovery and an overview of some of my work boost the small business sector.

I hope these resources are helpful to you, and that you never hesitate to contact my office with questions.

Kind regards,



Congressman Ted Deutch

Small Business Administration

The Small Business Administration was created by Congress in 1953, and since then it has delivered millions of loans, contracts, counseling sessions, and other forms of assistance to America's small businesses. Below is contact information for local branches in Florida:

Miami District Office
100 S. Biscayne Blvd., 7th Floor
Miami, FL 33131
(305) 536-5521
Fax: (305) 536-5521
Website: www.sba.gov

Ft. Pierce District Office
505 S. 2nd Street, Suite 225
Ft. Pierce, FL 34950
(772) 466-1944
Fax: (772) 466-6580

Other SBA Information:

SBA Answer Desk: 800-827-5722, answerdesk@sba.gov
Disaster Loans: 800-659-2955, disastercustomerservice@sba.gov
HUBZone Program: 202-205-8885, hubzone@sba.gov

Florida State Agencies

FL Department of Management Services
4050 Esplanade Way
Tallahassee, Florida 32399-0950
(850) 488-8440
Fax: (850) 922-6149
Website: <http://www.dms.myflorida.com/>

Enterprise Florida
Orlando-Headquarters
800 N. Magnolia Avenue, #1100
Orlando, FL 32803
(407) 956-5600
Fax: (407) 956-5599
Website: <http://www.floridabusiness.com>

Enterprise Florida-Tallahassee
Atrium Building, Suite 201
325 John Knox Road
Tallahassee, FL 32303
(850) 298-6620
Fax: (850) 298-6659
Website: <http://www.floridabusiness.com>

Enterprise Florida-Miami
Int'l Trade & Business Development
201 Alhambra Circle, Suite 610
Coral Gables, FL 33134
(305) 808-3660
Fax: (305) 808-3586
Website: <http://www.florifabusiness.com>

Executive Office of the Governor
Tourism, Trade & Economic Development
The Capitol; Suite 2001
Tallahassee, Florida 32399-0001
(850) 487-2568
Fax: (850) 487-3014
Website: <http://www.flgov.com/otted/>

Florida Department of Revenue
Revenue Program Technical Assistance
501 S. Calhoun St, Room 435
Tallahassee, FL 32314
(850) 922-4700
P.O. Box 7443
Website: <http://dor.myflorida.com/dor/>

Small Business Development Centers

Palm Beach State College
3000 Saint Lucie Avenue
Suite AD408
Boca Raton, FL 33431

(561) 862-4726
Fax: (561) 862-4727
Website: www.palmbeachstate.edu/sbdc.xml

Reubin O'D Askew Tower
111 Las Olas Boulevard, Room 525
Ft. Lauderdale, FL 33301

(954) 762-5235
Website: sbdcbroward.org/Contact-Us.php

SCORE Offices

Broward County SCORE
299 E. Broward Blvd. Room 345
Ft. Lauderdale, FL 33301

(954) 356-7263
Fax: (954) 356-7145
Website: <http://www.browardscore.org/>

Palm Beach SCORE
500 Australian Ave. S., Suite 115
West Palm Beach, FL 33401

(561) 833-1672
Fax: (561) 833-1712
Website: <http://www.wpb.score.org/>

S. Palm Beach SCORE
7999 N. Federal Highway, Suite 201
Boca Raton, FL 33487

(561) 981-5180
Fax: (561) 981-5391
Website: scoresouthflorida.net/

Minority Business Development Centers

Florida Minority Business Enterprise Center
970 S.W. 1st Street
Suites 405 & 406
Miami, FL 33130

(786) 316-0888
Fax: (786) 316-0090
Website: <http://www.mbecflorida.org/>

Florida Women's Business Center
401 W. Atlantic Avenue #09
Delray Beach, FL 33444

(866) 353-3790
Fax: (561) 265-0806
Website: www.flwbc.org

Florida Women's Business Center
Broward Satellite Office
330 N. Federal Highway
Hollywood, FL 33020

(954) 923-4000

U.S. Export Assistance Center

200 E. Las Olas Blvd., Suite 1600
Ft. Lauderdale, FL 33301

(954) 356-6640
Fax: (954) 356-6644
Website: <http://www.trade.gov/cs>

Export-Import Bank of the U.S.

Miami Regional Export Center
5835 Blue Lagoon Drive, Suite 203
Miami, FL 33126

(305) 526-7436
Fax: (305) 526-7435
Website: www.exim.gov

Latest Economic Data

Economic Productivity

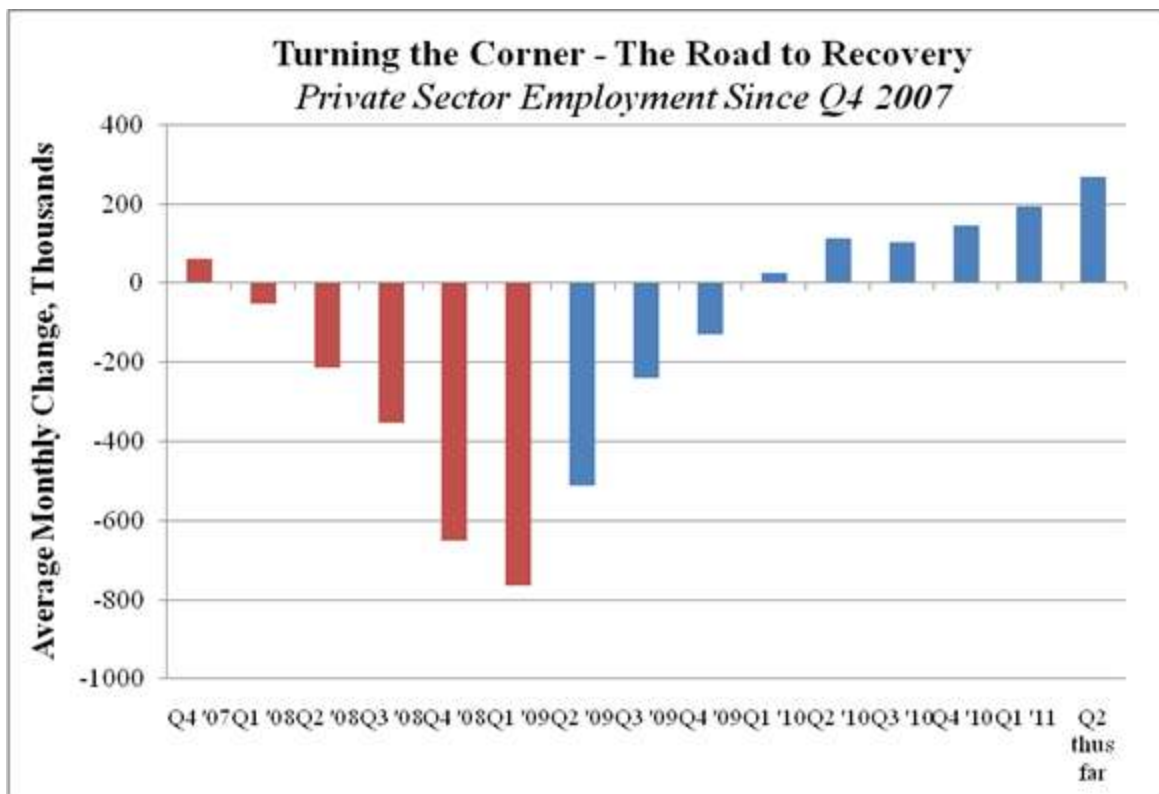
- Productivity increased 7.5 percent in the durable goods sector and 2.6 percent in the nondurable goods sector in the first quarter of 2011. In durable goods industries, a 14.0 percent jump in output outweighed a 6.1 percent increase in hours worked. Nondurable goods production rose 1.5 percent. (Bureau of Labor Statistics)
- Manufacturing sector productivity grew 4.2 percent in the first quarter of 2011, as output and hours worked increased 7.7 percent and 3.3 percent, respectively. Over the last four quarters, manufacturing productivity increased 4.1 percent. Unit labor costs in manufacturing declined 1.4 percent in the first quarter of 2011 and 0.7 percent over the last four quarters. (Bureau of Labor Statistics)

Employment

- In May, private sector employment grew by 44,000. This follows April's jump in total nonfarm payroll employment by 244,000. Total nonfarm payrolls increased for the seventh consecutive month, and since reaching a trough in February 2010, payrolls have risen by 1.8 million.
- Health care employment continued to expand in May (+17,000). Employment in the industry had risen by an average of 24,000 per month over the prior 12 months. (Bureau of Labor Statistics)

Construction, Auto Industries

- U.S. Construction expenditures rose 0.4 percent in April 2011, following a 0.1 percent increase in March 2011. This includes increases in overall residential, educational, power, and communications construction expenditures (U.S. Census Bureau)
- Total combined sales of domestic and imported cars and light trucks were 13.1 million units, 16.8 percent above the year-ago sales pace. Domestic light vehicle sales rose 2.6 percent in April. (Ward's Auto)



Legislative Update: Business Incentives and Tax Benefits

Congressman Ted Deutch voted for the Small Business Jobs Act in September of 2010, which extended many Recovery Act-era incentives that were set to expire, in addition to putting in place new tax benefits. He also voted for additional small business tax breaks within the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010.

Zero Capital Gains Taxes on Key Investments in Small Businesses

- Capital gains taxes have been fully eliminated on certain small business stock – providing an incentive for investments in small businesses.
- The Recovery Act excluded 75 percent of capital gains from the sale of certain small business investments held more than five years. The Small Business Jobs Act went one step further – excluding all capital gains from these investments in 2010.

Up to \$500,000 Expensing Limit

- Small businesses can write-off a larger portion of the cost of new equipment purchases in the year of purchase rather than depreciating the cost over time. This provides an immediate tax benefit.
- The Recovery Act increased the maximum amount that small businesses could expense – which otherwise would have been \$125,000 – to \$250,000 for 2009. For 2010 and 2011, the Small Business Jobs Act doubled that to \$500,000 and increased the phase-out threshold to \$2 million.

100% Accelerated/Bonus Depreciation

- All businesses—large and small— are allowed to expense their investments in 2011. The Recovery Act allowed businesses to write off the cost of their investments more quickly by allowing up to 50 percent deductions in the first year for investments made in 2009.
- The Small Business Jobs Act extended this benefit through 2010, and the Tax Relief and Job Creation Act went one step further – allowing up to 100 percent deductions in the first year for investments made between September 8, 2010, and December 31, 2011. It also extended 50 percent bonus depreciation through tax year 2012.
- Allowing expensing in 2011 will provide a crucial incentive to 2 million businesses—both large and small—to invest and create jobs in the U.S.

Tax Relief/Simplification for Cell Phone Deductions

- The Small Business Jobs Act simplified rules around claiming deductions for business cell phones so that cell phones can be expensed and deducted like other property, without additional requirements.

Larger Deduction for Entrepreneurs' Start-Up Costs

- For 2010, the Small Business Jobs Act temporarily doubled to \$10,000 the deduction amount new entrepreneurs can claim for business start-up expenditures.

5-Year Carryback of General Business Credits

- To help small businesses in these hard economic times, we're allowing them to "carryback" their business credits for five years rather than one.
- A business's unused general business credit can usually be carried back to offset taxes paid the previous year. The remaining amount can be carried forward 20 years to offset future taxes.

- The Small Business Jobs Act extended the “carryback” period from one year to five years for certain small businesses in 2010. This helps businesses apply their 2010 credits to previous tax payments going back to 2005.

Limitations on Penalties for Errors in Tax Reporting

- We’ve fixed penalties for errors in tax reporting so that small businesses don’t face disproportionately high penalties. Strict penalties apply when taxpayers fail to disclose their participation in certain “reportable transactions.” For many small businesses, the penalties are disproportionately high.
- The Small Business Jobs Act changed the general rule for determining the amount of the appropriate penalty to achieve proportionality between the penalty and the tax savings that were the object of the transaction starting tax year 2010.

General Business Credit Not Subject to Alternative Minimum Tax (AMT)

- The Small Business Jobs Act allowed certain small businesses with \$50 million or less in average annual gross receipts for the previous three years to use all types of general business credits against their AMT liability, not only their regular tax liabilities, starting in tax year 2010.

New Health Care Tax Credits and Deductions

- The Small Business Jobs Act allowed self-employed individuals to deduct 100 percent of insurance costs incurred in 2010 for themselves and their families.

A New Tax Credit for Hiring Unemployed Workers

- The HIRE Act, which was signed into law last year, helps businesses hire and retain unemployed workers. The HIRE Act provided a payroll tax credit for hiring employees who have been looking for work for 60 days or more days and also provides a credit of up to \$1,000 for retaining them.

Additional Small Business Incentives Included in the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010, H.R. 4853:

- Research & Development (R&D) credit: 2 year extension of the R & D tax credit to support business exploration. The R&D tax credit fuels innovation in the United States.
- Tax benefits for certain real estate developments. The bill extends for two years (through 2011) the special 15-year cost recovery period for certain leasehold improvements, restaurant buildings and improvements, and retail improvements.
- Empowerment Zones. The bill extends for two years (through 2011) the designation of certain economically depressed census tracts as Empowerment Zones.
- Work opportunity tax credit (WOTC). Under current law, businesses are allowed to claim a tax credit equal to 40 percent of the first \$6,000 of wages paid to new hires of one of nine targeted groups. These groups include members of families receiving benefits under the Temporary Assistance to Needy Families (TANF) program, qualified veterans, designated community residents, and others.
- Premiums for mortgage insurance deductible as interest that is qualified residence interest. Under current law, a taxpayer may itemize the cost of mortgage insurance on a qualified personal residence. The deduction is phased-out ratably by 10% for each \$1,000 by which the taxpayer’s AGI exceeds \$100,000. The deduction is unavailable for a taxpayer with an AGI in excess of \$110,000. The bill extends this provision for an additional year, through 2011.

Health Care Reform: What's in it for Small Businesses

Small businesses' health care costs have grown 129% since 2000, eating into bottom lines and wages. Workers employed by small businesses pay an average of 18% more in premium costs compared to larger firms. Only 45% of America's small businesses can even afford to offer benefits, meaning many uninsured Americans are small business owners and their families, and small business workers.

In 2014, the reform creates Health Insurance Exchanges, or competitive marketplaces, where small businesses, the self-employed, and the uninsured can purchase affordable coverage. For the first time, small businesses will be able to pool their buying power and have access to the **same quality plans only available to large firms today**.

Tax Credits Help Small Businesses Afford Coverage

Health reform provides \$40 billion in tax credits for small businesses to help them offer employee health insurance coverage—if they choose to do so. More than 60 percent of small employers, or more than 4 million firms, will be eligible for these credits.

In 2010, this sliding-scale tax credit is worth up to 35 percent of a small business's premium costs in 2010. In 2014, this rate increases to 50 percent. Firms can claim the credit for 2010 through 2013 and for any two years after that. To qualify for the tax credit, businesses and non-profits must have fewer than 25 employees and average annual wages of less than \$50,000—and the full tax credit is available to those with 10 or fewer employees and average annual wages of \$25,000 or less.

Health Care Exchanges: Affordable, Quality Plans

Starting in 2014, health insurance companies offering plans on the exchanges will have to abide by certain rules, such as not charging higher premiums to small businesses based on gender, occupation, or pre-existing conditions. All plans must feature:

- caps on what you pay out-of-pocket, and
- no lifetime or annual caps on what insurance companies will pay for your coverage.

Health care reform does not require small firms with fewer than 50 employees to offer coverage under the employer responsibility requirements that begin in 2014. This means that 96 percent of all firms in the U.S. or 5.8 million out of 6 million total firms will be exempt.

Examples of Health Care Reform Tax Credits in Practice:

An auto repair shop with 10 workers that pays \$25,000 per worker faces \$70,000 in health care costs.

- 2010 Tax Credit: \$24,500 (35% credit)
- 2014 Tax Credit: \$35,000 (50% credit)

A restaurant with 40 half-time employees (the equivalent of 20 full-timers), wages of \$500,000, and health care costs for employees of \$240,000 will receive:

- 2010 Tax Credit: \$28,000 (35% credit with phase-out)
- 2014 Tax Credit: \$40,000 (50% credit with phase-out)

A non-profit with 9 employees earning \$22,000 and health insurance costs totaling \$76,000 will receive:

- 2010 Tax Credit: \$19,000 (25% credit for non profits)
- 2014 Tax Credit: \$26,600 (35% credit non profits)

Legislative Initiatives: Make it in America

With job creation slowing down in May of 2011, Rep. Deutch believes that Congress must not take its eye off the economy. As the American Recovery and Reinvestment Act winds down, our economy risks falling back into recession unless Congress and the President work together to create public and private sector initiatives aimed at boosting growth.



Congressman Ted Deutch believes that overcoming our economic challenges will require bold action and innovative solutions. Below are some proposals he supports within the Democrats' "Make it in America" agenda, which aims to create the conditions American businesses need to produce goods here, innovate here, and create jobs here. It includes many of the wise investments necessary for America to out-educate, out-innovate, and out-build its international competitors.

INVESTING IN INFRASTRUCTURE AND SUPPORTING THE FLOW OF COMMERCE.

- Build a 21st Century Surface Transportation System: Enact a Surface Transportation Authorization bill to create a modern and efficient transportation system that facilitates trade and industry.
- Extend the Build America Bonds program: Provides additional funding for the Recovery Zone bonds program, and makes improvements to existing bond and credit programs to help states and local governments leverage private capital to create jobs today and build the infrastructure that is the backbone of future economic growth.
- National Infrastructure Development Bank Act: Establishes a wholly-owned government corporation to facilitate efficient investments in and financing of infrastructure projects—from leading-edge broadband networks and energy delivery systems to modern ports—that foster economic development and keep America competitive.

KEEPING AMERICA COMPETITIVE.

- Permanent R&D Tax Credit: Make permanent and expand the Research and Development Tax Credit so research investments can draw capital that create tomorrow's jobs.
- Patent Reform: Improve the patent system to provide incentives for companies to continue innovating and manufacturing in the U.S.
- Rare Earths Materials: Three bills have been introduced on this important issue to support the assessment and development of U.S. capacity in rare earth minerals critical to the manufacture of energy and other technologies.

SUPPORTING SMALL BUSINESSES.

- The Innovative Technologies Investment Incentives Act: Accelerates innovation by providing a 25% tax credit for qualified equity investments in eligible high technology and biotechnology small businesses.
- Small Business Start-up Savings Accounts: Establishes tax-preferred savings accounts for small business start-up savings accounts.
- Make It in America Block Grant Act: Establishes a grant program at the Commerce Department to provide small to medium-sized businesses in communities hardest hit by unemployment with the resources and strategies they need to retool and retrofit their operations and train their workforce in order to transition to the manufacturing of clean energy, high-technology, and advanced products.

CLEAN ENERGY JOBS

- Clean Energy Technology Manufacturing and Export Assistance Act: Establishes a Clean Energy Technology Manufacturing and Export Assistance Fund, to be administered through the International Trade Administration, to ensure that U.S. clean energy technology firms have the information and assistance they need to be competitive and to create clean energy technology sector jobs.
- Security in Energy and Manufacturing (SEAM) Act: This program, initially created in the Recovery Act, invested \$2.3 billion in tax credits for advanced energy manufacturing facilities generating more than 17,000 jobs and incentivizing an additional \$5.4 billion in private-sector investment.

INNOVATIVE EDUCATION POLICY

- Workforce Investment Act: Our economy is only as strong as the people who work to grow it. The American workforce investment system is supported by a partnership of educators, workforce development professionals and the business community who work together to ensure the vitality of local economies. A robust reauthorization of WIA will ensure that workers who seek opportunities in a new field or new opportunities within their own field have the support they need.
- American Manufacturing Efficiency & Retraining Investment Collaboration (AMERICA Works) Act: Strengthens our workforce by helping American workers earn certifications, degrees, and qualifications for the jobs American industry needs to fill.
- Strengthening Employment Clusters to Organize Regional Success (SECTORS) Act: Forms partnerships between businesses, unions, and educators to train workers for some of the most needed 21st Century jobs.

MAKE IT IN AMERICA: ENACTED LAWS

In 2010, President Obama signed the following Make It In America bills into law:

- U.S. Manufacturing Enhancement Act: Makes it cheaper for American companies to obtain the materials they need to manufacture goods. [Public Law 111-227]
- Protecting American Patents: Helps the Patent Office to begin to unclog the backlog—totaling about 1.2 million pending applications—by giving the agency access to more of the fees it collects so that patent applications can continue to be processed and innovative ideas can continue to move to market. [Public Law 111-224]
- Preventing Outsourcing: Prevents the outsourcing of U.S. jobs by closing tax loopholes that encourage companies to send U.S. jobs overseas. [Public Law 111-226]
- Small Business Jobs Act: Expands much needed lending to millions of small businesses and offers tax incentives to help small businesses grow, hire, and fuel our economy, without adding a dime to the deficit. [Public Law 111-240]
- America COMPETES Reauthorization Act: Establishes innovative technology federal loan guarantees for small- and medium-sized manufacturers and invests in science, technology, engineering, and math education. [Public Law 111-358]