

111TH CONGRESS
2D SESSION

H. R. 4637

To amend the Internal Revenue Code of 1986 to increase the amount allowed as a deduction for start-up expenditures, to provide a standard home office deduction, to increase the amount allowed as a deduction for meals and entertainment expenses of small businesses, and to extend bonus depreciation, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 22, 2010

Mr. HALL of New York introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Small Business, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to increase the amount allowed as a deduction for start-up expenditures, to provide a standard home office deduction, to increase the amount allowed as a deduction for meals and entertainment expenses of small businesses, and to extend bonus depreciation, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Help Small Businesses Start and Grow Act of 2010”.

4 (b) TABLE OF CONTENTS.—The table of contents for
5 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—TAX RELIEF

Sec. 101. Increase in amount allowed as deduction for start-up expenditures.

Sec. 102. Standard deduction for business use of home.

Sec. 103. Increased meals and entertainment expense deduction for small businesses.

Sec. 104. Two-year extension of bonus depreciation.

TITLE II—SMALL BUSINESS LOANS

Sec. 202. Small business direct lending program.

6 **TITLE I—TAX RELIEF**

7 **SEC. 101. INCREASE IN AMOUNT ALLOWED AS DEDUCTION**
8 **FOR START-UP EXPENDITURES.**

9 (a) IN GENERAL.—Subsection (b) of section 195 of
10 the Internal Revenue Code of 1986 is amended by adding
11 at the end the following:

12 “(3) SPECIAL RULE FOR TAXABLE YEARS BE-
13 GINNING IN 2009, 2010, OR 2011.—In the case of a
14 taxable year beginning in 2009, 2010, or 2011,
15 paragraph (1)(A)(ii) shall be applied—

16 “(A) by substituting ‘\$50,000’ for
17 ‘\$5,000’, and

18 “(B) by substituting ‘\$75,000’ for
19 ‘\$50,000’.”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to amounts paid or incurred in tax-
3 able years beginning after the date of the enactment of
4 this Act.

5 **SEC. 102. STANDARD DEDUCTION FOR BUSINESS USE OF**
6 **HOME.**

7 (a) IN GENERAL.—Subsection (c) of section 280A of
8 the Internal Revenue Code of 1986 (relating to disallow-
9 ance of certain expenses in connection with business use
10 of home, rental of vacation homes, etc.) is amended by
11 adding at the end the following new paragraph:

12 “(7) STANDARD HOME OFFICE DEDUCTION.—

13 “(A) IN GENERAL.—In the case of an indi-
14 vidual that is allowed a deduction for the use of
15 a home office because of a use described in
16 paragraphs (1), (2), or (4) of this subsection,
17 notwithstanding the limitations of paragraph
18 (5), if such individual elects the application of
19 this paragraph for the taxable year, such indi-
20 vidual shall be allowed a deduction equal to the
21 standard home office deduction for the taxable
22 year in lieu of the deductions otherwise allow-
23 able under this chapter for such taxable year by
24 reason of being attributed to such use.

1 “(B) STANDARD HOME OFFICE DEDUC-
 2 TION AMOUNT.—For purposes of this para-
 3 graph, the standard home office deduction is
 4 the lesser of—

5 “(i) \$2,500, or

6 “(ii) the gross income derived from
 7 the individual’s trade or business for which
 8 such use occurs.

9 “(C) INFLATION ADJUSTMENT.—In the
 10 case of any taxable year beginning in a calendar
 11 year after 2010, the dollar amount in subpara-
 12 graph (B)(i) shall be increased by an amount
 13 equal to—

14 “(i) such dollar amount, multiplied by

15 “(ii) the cost-of-living adjustment de-
 16 termined under section 1(f)(3) for the cal-
 17 endar year in which the taxable year be-
 18 gins, determined by substituting ‘2009’ for
 19 ‘1992’ in subparagraph (B) thereof.

20 Any increase determined under the preceding
 21 sentence shall be rounded to the nearest mul-
 22 tiple of \$100.”.

23 (b) EFFECTIVE DATE.—The amendment made by
 24 this section shall apply to taxable years beginning after
 25 the date of the enactment of this Act.

1 **SEC. 103. INCREASED MEALS AND ENTERTAINMENT EX-**
2 **PENSE DEDUCTION FOR SMALL BUSINESSES.**

3 (a) IN GENERAL.—Subsection (n) of section 274 of
4 the Internal Revenue Code of 1986 is amended by adding
5 at the end the following new paragraph:

6 “(4) INCREASED PERCENTAGE FOR SMALL
7 BUSINESS EXPENSES.—

8 “(A) IN GENERAL.—In the case of ex-
9 penses or items described in paragraph (1) paid
10 or incurred by the taxpayer in carrying on an
11 eligible trade or business, such paragraph shall
12 be applied by substituting ‘80 percent’ for ‘50
13 percent’.

14 “(B) ELIGIBLE TRADE OR BUSINESS.—

15 “(i) IN GENERAL.—For purposes of
16 subparagraph (A), the term ‘eligible trade
17 or business’ means, with respect to any
18 taxable year, a trade or business (whether
19 or not incorporated) which employed an
20 average of less than 50 employees on busi-
21 ness days during the taxable year.

22 “(ii) CONTROLLED GROUPS.—For
23 purposes of clause (i), all persons treated
24 as a single employer under subsection (b),
25 (c), (m), or (o) of section 414 shall be
26 treated as a single employer.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to expenses paid or incurred after
3 the date of the enactment of this Act.

4 **SEC. 104. TWO-YEAR EXTENSION OF BONUS DEPRECIATION.**

5 (a) IN GENERAL.—Paragraph (2) of section 168(k)
6 is amended—

7 (1) by striking “January 1, 2011” and insert-
8 ing “January 1, 2014”, and

9 (2) by striking “January 1, 2010” each place
10 it appears and inserting “January 1, 2013”.

11 (b) CONFORMING AMENDMENTS.—

12 (1) The heading for subsection (k) of section
13 168 of such Code is amended by striking “JANUARY
14 1, 2010” and inserting “JANUARY 1, 2013”.

15 (2) The heading for clause (ii) of section
16 168(k)(2)(B) of such Code is amended by striking
17 “PRE-JANUARY 1, 2010” and inserting “PRE-JANU-
18 ARY 1, 2013”.

19 (3) Paragraph (5) of section 168(l) is amended
20 by striking subparagraph (B), by adding “and” at
21 the end of subparagraph (A), and by redesignating
22 subparagraph (C) as subparagraph (B).

23 (4) Subparagraph (C) of section 168(n)(2) of
24 such Code is amended by striking clause (ii), by add-

1 ing “and” at the end of clause (i), and by redesignating clause (iii) as clause (ii).

3 (5) Subparagraph (B) of section 1400N(d)(3) of such Code is amended by striking “January 1, 2010” and inserting “January 1, 2013”.

6 (c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2009.

9 **TITLE II—SMALL BUSINESS**

10 **LOANS**

11 **SEC. 202. SMALL BUSINESS DIRECT LENDING PROGRAM.**

12 (a) ESTABLISHMENT.—The Administrator of the Small Business Administration shall establish and carry out a program under which the Administrator is authorized to make loans directly to eligible small business concerns (in this section referred to as the “program”).

17 (b) ADMINISTRATION.—Except as otherwise provided under this section and to the extent practicable, the Administrator of the Small Business Administration shall carry out the program—

21 (1) using the administrative resources of the Small Business Administration; and

23 (2) in a manner similar to the loan program under section 7(a) of the Small Business Act (15 U.S.C. 636(a)).

1 (c) USE OF LOAN FUNDS.—Amounts from a loan
2 made under the program may be used by a small business
3 concern for the operation or expansion of such concern
4 or for any other purpose allowed under section 7(a) of the
5 Small Business Act (15 U.S.C. 636(a)).

6 (d) LOAN AMOUNT.—The maximum amount of a
7 loan made under the program shall be \$1,500,000.

8 (e) LOAN TERM.—The maximum term for repayment
9 of a loan made under the program shall be 25 years.

10 (f) LOAN INTEREST RATE.—The interest rate with
11 respect to a loan made under the program shall be the
12 prime rate (as determined by the Administrator of the
13 Small Business Administration).

14 (g) ACCOUNTABILITY.—

15 (1) SBA REPORTS.—Not later than 30 days
16 after the date of enactment of this Act and every
17 month thereafter, the Administrator of the Small
18 Business Administration shall submit to the Com-
19 mittee on Small Business of the House of Rep-
20 resentatives and the Committee on Small Business
21 and Entrepreneurship of the Senate a report de-
22 scribing—

23 (A) the number of loans made under the
24 program;

1 (B) the amounts of loans made under the
2 program;

3 (C) the uses of loans made under the pro-
4 gram;

5 (D) repayment progress with respect to
6 loans made under the program;

7 (E) the default rate with respect to loans
8 made under the program; and

9 (F) other relevant information with respect
10 to the program.

11 (2) GAO REPORTS.—

12 (A) REVIEW.—The Comptroller General of
13 the United States shall conduct a review of the
14 program to evaluate the effectiveness of the
15 program and identify any waste or abuse relat-
16 ing to the program.

17 (B) REPORTS.—Not later than 90 days
18 after the date of enactment of this Act and
19 quarterly thereafter, the Comptroller General
20 shall submit to the Committee on Small Busi-
21 ness of the House of Representatives and the
22 Committee on Small Business and Entrepre-
23 neurship of the Senate a report describing the
24 results of the review conducted under subpara-
25 graph (A).

1 (h) DEFINITIONS.—In this section, the following defi-
2 nitions apply:

3 (1) ELIGIBLE SMALL BUSINESS CONCERN.—

4 The term “eligible small business concern” means a
5 small business concern that the Administrator of the
6 Small Business Administration determines—

7 (A) is economically healthy;

8 (B) has good credit; and

9 (C) is unable to obtain a loan on reason-
10 able terms from a non-Federal source (which
11 may be demonstrated with respect to a small
12 business concern by evidence that a lender dis-
13 continued a line of credit of such concern not-
14 withstanding the good credit of such concern).

15 (2) SMALL BUSINESS CONCERN.—The term
16 “small business concern” has the meaning given
17 such term under section 3(a) of the Small Business
18 Act (15 U.S.C. 632(a)).

19 (i) AUTHORIZATION OF APPROPRIATIONS.—There is
20 authorized to be appropriated to the Administrator of the
21 Small Business Administration \$10,000,000,000 to carry
22 out the program, including the hiring of necessary per-
23 sonnel.

1 (j) TERMINATION.—The program shall terminate on
2 the date that is 2 years after the date of enactment of
3 this Act.

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