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Senate to Take Up Small Business Lending Bill

The Senate is scheduled to take up H.R. 5297, the Small Business Jobs and Credit Act of 2010 that provides lending relief and tax relief. The bill is actually the combination of two bills recently passed by the House.

H.R. 5297 would establish a \$30 billion fund to boost lending to small businesses. Under the proposal, the Small Business Lending Fund (SBLF) would support lending among community and smaller banks with assets under \$10 billion. The bill would allow eligible institutions with assets of \$1 billion or less to apply for a capital investment from the Fund of up to 5 percent of risk-weighted assets. It would allow eligible institutions with assets of between \$1 billion and \$10 billion to apply for a capital investment from the Fund of up to 3 percent of risk-weighted assets. The new program would provide an incentive for smaller banks to increase small business lending - as their lending increases, the dividend rate or interest rate payable to Treasury gets reduced, to as low as 1 percent for banks that increase



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lending by 10 percent from a 2009 baseline.

The bill would create a Small Business Borrower Assistance Program (SBBAP). Under the SBBAP, small businesses that obtain an SBA 7(a) loan (except revolving credit line loans) in the amount of \$300,000 or less will receive a reserve equal to 6 percent of their small business loan principal "to help them make payments through the ups and downs of a cash flow cycle," according to Representative Schrader, author of the SBBAP idea. Small businesses will automatically be enrolled in the SBBAP if eligible, unless the business specifically requests otherwise. In order to qualify, borrowers must obtain a qualifying loan within one year after the SBA issues final regulations for the program.

The borrower would request payments to be made as needed and the payments made by the SBA under the program shall only be made to the lender or servicer of a qualifying small business loan to be applied against outstanding principal or interest, and may not be made to the borrower.

The bill would exclude from gross income any amounts that are received under the SBBAP.

Swipe Fee Amendment Preserved in Financial Legislation

House and Senate conferees finalized an agreement on the "Restoring American Financial Stability Act" (H.R. 4173) this past week that preserves the NLBMDA-supported "swipe fee" reforms. Thanks to the many lumber dealers who contacted their legislators in support of the Durbin amendment. The final bill, which is expected to be cleared by Congress this week, will subject debit card transaction fees to federal oversight and allow merchants more freedom in setting minimum purchase requirements and offering incentives to customers based on their form of payment.

House Judiciary Weakens Class Action Fairness Act

The House Judiciary Committee cleared legislation this past week addressing liability issues surrounding the Gulf oil spill, the "Securing Protections for the Injured from Limitations on Liability (SPILL) Act" (H.R.5503). Unfortunately, trial attorneys have exploited the measure as an opportunity to roll back portions of the 2005 Class Action Fairness Act (CAFA). A provision would allow certain cases involving state attorneys general to be exempt from CAFA jurisdiction, thus allowing those cases to be tried in state court rather than federal. Republican attempts to strike that provision or make those changes apply only to claims related to the oil spill failed on party line votes. It is likely that Republicans will attempt similar amendments when the bill comes to the

House floor.

Bonus Depreciation Measure Introduced in Senate

Senators Max Baucus (D-MT) and Chuck Grassley (R-IA) introduced legislation this past week to extend for one year bonus depreciation that lapsed at the end of 2009 (S.3513). S.3513, the Bonus Depreciation Extension to Create Jobs Act, would extend the 50 percent bonus depreciation through 2010. The measure would allow businesses, large and small, to write off more of the cost of equipment and machinery purchases more quickly than allowed under current law. It would also be retroactive to the beginning of 2010. It is possible that the bipartisan measure will be offered as an amendment to a small business lending bill, previously passed by the House, that the Senate plans to take up this week.

Formaldehyde Legislation Approved by Congress

The "Formaldehyde Standards for Composite Wood Products Act" (S.1660) has been approved by both chambers of Congress and will be signed into law shortly. As we reported in the last e-update, the bill requires EPA to adopt a national emission standard for formaldehyde that is largely based on the existing California Air Resources Board (CARB) rule by July 1, 2013.

Five More States Complete Weatherization Work for Low-Income Homes

DOE announced on June 18 that five more states have reached an American Recovery and Reinvestment Act milestone by completing weatherization work for more than 30% of the low-income homes they have targeted. Because Minnesota, Montana, New Hampshire, New Mexico, and Utah have each met this requirement, along with a series of reporting and monitoring milestones for DOE's Weatherization Assistance Program, the states will have access to the remaining 50% of their funding for the program. Of the more than 9,000 homes completed by this group of states, Minnesota has the lion's share, with 5,268 residences completed as of May 31. The Gopher State now gets use of its full \$131.9 million in Recovery Act funding, intended to cover upgrades for a total of more than 16,800 Minnesota homes. The states join seven others that recently marked this milestone: Idaho, Maine, Mississippi, Nevada, Ohio,

Vermont, and Washington.

Since \$5 billion in Recovery Act funding was allocated to accelerate weatherization in 2009, more than 108,000 homes nationally have been improved, saving families more than \$47 million on their energy bills, while supporting more than 10,000 jobs in the first quarter of 2010. For 33 years, DOE's Weatherization Assistance Program has helped low-income households conserve energy by engaging local community action agencies or non-profit organizations to provide services ranging from home energy audits to installing insulation and weatherstripping. Program representatives can even replace inefficient heating and cooling systems, if needed. The work pays immediate dividends. According to a recent study by DOE's Oak Ridge National Laboratory, weatherization services save recipients an average of more than \$400 in energy costs during the first year. See the [DOE press release](#) and the Web site for DOE's [Weatherization Assistance Program](#).

Members of Congress Urge USGBC to Recognize Additional Wood Certifications

Recently, Rep. Kurt Schrader (D-OR) and Rep. Bob Goodlatte (R-VA) urged the president and CEO of the U.S. Green Building Council (USGBC) to accept wood certified by other systems besides the Forest Stewardship Council (FSC) as being eligible for points under the LEED rating system. In addition to their letter, Reps. [Collin Peterson \(D-MN\)](#) and [Rep. Travis Childers \(R-MS\)](#) also sent a letter requesting much of the same thing from USGBC. All three letters stress that products from SFI and ATFS (American Tree Farm System) certified forests continue to be ineligible for the LEED forest Certification credit. These are the latest letters of support from Congress. In April, three letters from the Arkansas delegation, Sen. Blanche Lincoln and Reps. Mike Ross and Marion Berry, were addressed to Rick Fedrizzi, president and CEO of USGBC, urging his support to accept other wood by other systems other than FSC. USGBC has now gone through four drafts and four comment periods for its proposed revisions of the wood certification rule.

Receive Email Alerts on the Upcoming Elections from LuDPAC!

Are you receiving monthly email alerts from the Lumber Dealers Political Action Committee (LuDPAC) concerning the upcoming elections? LuDPAC is the political action committee of NLBMDA. Its purpose is to provide support to candidates for federal office who are supportive of lumber dealers. In order for you to receive communications from LuDPAC, we must have an authorization form on file for you. The form

takes just a moment to fill out and will allow us to tell you all about the important activities that LuDPAC is undertaking on your behalf in Washington as well as insider information about congressional campaigns. Filling out the form does not obligate you to contribute to LuDPAC. It only takes a minute to fill out the form securely online. [Please click here](#) to find out more information and access the authorization form!

Register Now for the 2010 ProDealer Industry Summit to Receive Early-Bird Discounts!

Register now for early-bird savings! Former Senate Majority Leader Trent Lott (R-MS) and National Association of Home Builders Chief Economist Dave Crowe have been confirmed as speakers at the 2010 ProDealer Industry Summit taking place at the Hyatt Grand Cypress Resort in Orlando, FL on October 13-15, 2010.

Lott will be the Summit's keynote speaker on October 13 and will be discussing the critical mid-term elections what will take place less than a month from the Summit. Crowe will be the kick-off speaker on October 14 and will be providing a housing forecast for 2011. Visit www.prodealer.com for more information and to register.