

# RICHMOND, VA E-NEWSLETTER

1st Quarter FY 2012

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You have subscribed to the Newsletter List of the Richmond, Virginia District Office of the U.S. Small Business Administration. Information provided to you via this newsletter may include general information regarding our Agency and its programs. It will focus primarily on events in the Richmond District Office territory, consisting of all of Virginia, except the counties of Arlington, Fairfax and Loudoun, and cities of Alexandria, Fairfax and Falls Church. If you would like specific information related to the SBA office in your area, please visit our [Local Offices page](#) and click on the office closest to where your business resides or will reside.

Helping small businesses **start, grow** and **succeed**.



Your Small Business Resource

## VIRGINIA-BASED COMPANY WINS SBA/VISA EXPORT VIDEO CONTEST

*Another Virginia-based company wins fourth place*

**SteelMaster Buildings, a company in Virginia Beach, Va.**, that designs and builds prefabricated steel buildings for a variety of industries, is the winner of an export video promotion contest co-sponsored by the U.S. Small Business Administration and VISA.

SteelMaster received a \$12,000 award, including cash and travel costs to participate in the awards ceremony, and a [Department of Commerce Gold Key matching service](#). You can watch the winning video at [www.sba.gov/blog](http://www.sba.gov/blog).

“SteelMaster and other participants in this contest are great examples of how small businesses are exporting and driving economic growth and job creation all across the country,” SBA Administrator Karen Mills said. “As part of the President’s National Export Initiative, this contest promotes programs and resources for small businesses to help achieve the goal of doubling exports in five years and support two million jobs.”

In addition to SteelMaster, four other small business finalists received awards ranging up to \$10,000: World Technology Corp. of New York, NY, \$10,000; Air Tractor, Inc. of Olney, Texas, \$8,000; **VSD, LLC of Virginia Beach, Va.**, \$6,000 and Daelia’s Food Company, Ltd. of Cincinnati, Ohio, \$3,000. Awards included cash, an expenses-paid trip to participate in the awards event and \$1,000 toward the purchase of a [Commerce Department Gold Key matching service](#) and/or various other trade related events.

The [Commerce Department Gold Key matching service](#) offers small business exporters customized foreign market and industry briefings, appointments with prospective trade partners in key industry sectors, help with travel and accommodations, interpreter services and much more.

The awards were presented by [Dario Gomez, SBA Associate Administrator for the Office of International Trade](#), at the National District Export Council Conference held at Caesar’s Palace Hotel and Casino in Las Vegas, Nev., on Nov. 5. Janet Zablock, who heads VISA Small Business, shared the stage with Gomez.

The Export Video Contest promoted the advantages of exporting and increased awareness of government assistance available to small business exporters. VISA, which co-sponsored the contest, provided the funding for the cash award to the winners.

The contest was open to small businesses that had completed at least one export transaction. Each participant submitted one educational video of three minutes or less, highlighting how they had ventured into and achieved success with exporting.

Videos were submitted in five categories: manufacturing, consumer products, professional services, technology and agribusiness. A panel of SBA judges selected a winner in each category. The five finalist videos were posted on SBA’s YouTube and made available to the public for voting from Oct. 1 – Oct. 28. Awards were granted based on the number of votes received.

To watch the winning videos, please visit <http://www.sba.gov/exportvideocontest>. For more information on exporting opportunities for small businesses, visit [www.sba.gov/oit](http://www.sba.gov/oit).

## STEP INITIATIVE WILL HELP SMALL BUSINESSES EXPORT

The U.S. Small Business Administration is providing \$30 million in grants to states, territories and the District of Columbia, to help increase exporting by small businesses during the next 12 months. The grants were authorized by the Small Business Jobs Act of 2010, under the State Trade and Export Promotion Program (STEP).

The Commonwealth of Virginia was awarded a \$432,099 STEP grant. For specific information on Virginia's STEP grant including local contacts, please visit <http://www.sba.gov/step-grants/by-state/VA>. For general information on the STEP grant initiative, please visit <http://www.sba.gov/about-offices-content/1/2889/resources/14315>.

The STEP program, launched in March, aligns with President Obama's National Export Initiative. The President's initiative calls for doubling U.S. exports in five years – and in so doing, supporting two million jobs. The program provides federal government funding for 65 to 75 percent of program costs, with states supplying the remainder.

SBA Administrator Karen Mills announced the awards in September at an event in Raleigh, N.C., at Raleigh Denim, a small business that produces and exports denim products. Forty-seven states, the District of Columbia, Puerto Rico, Guam, the Northern Mariana Islands, and the Virgin Islands received STEP grants.

“Strengthening the nation's economy through a substantial increase of U.S. exports is a top priority for the Administration and the agency,” said Mills. “This is a unique partnership between the federal government and the states. Sharing responsibilities and resources will help new small exporters across the country enter and succeed in the global market.”

The funding will support participation in foreign trade missions, foreign market sales trips, subscriptions to services provided by the Department of Commerce, website translations fees, design of international marketing media, trade show exhibitions, participation in training workshops, and other critical export initiatives.

The SBA anticipates it will conduct a new competition for STEP program grants during the winter of 2011. Awards will be made in September 2012 for export support services by states over the following 12 months.

### DOES YOUR SMALL BUSINESS NEED EXPORT FINANCING?

SBA has three export financing programs that can provide funding to begin exporting or to expand an existing export market. For more information, please visit <http://www.sba.gov/content/export-loan-programs>. If you have questions about any of the programs, you may call Bill Houck, SBA International Trade Finance Specialist at (202) 557-4063, or Ford Scott, Virginia District International Trade Officer, at (804) 771-2400, ext. 153.

## CAPLines: Revamped Working Capital Program Helps Small Businesses with Growing Pains

by Karen Mills, SBA Administrator

**SBACommunity**

*From the SBACommunity Blog: Friday, 11/04/2011*

<http://www.sba.gov/content/caplines>

On Wednesday, I visited an innovative green business in Memphis that retrofits big air-conditioning units in order to reduce wear-and-tear while saving their customers on energy costs. As businesses like this grow and find new customers, we need to do everything we can to make sure they have the working capital they need to scale up and create jobs.

That's why I was proud to announce that SBA recently reengineered our CAPLines program. Banks are already starting to use it to put more capital in the hands of small businesses.

When a business lands a big new order or wins a federal contract, they often don't have the necessary cash on-hand to hire workers and buy materials to fulfill it. Now more than ever, we need to make sure a business in that position can secure the necessary financing to take full advantage of those opportunities. The new-and-improved CAPLines program will do just that, giving these small contractors and suppliers the breathing room they need.

One lender that has already made a CAPLines loan is M&T Bank. A startup IT firm had just won several federal contracts and needed a line of credit to cover payroll. The owner had been in business for less than two years. He didn't have enough collateral, and he didn't have much equity in his home. M&T Bank said that under the old CAPLines program, they probably wouldn't have been able to help, but because of the new streamlined process under the new CAPLines, it was much easier.

Here are some benefits of the revamped CAPLines program:

- Small businesses can now borrow against accounts receivable, inventory, contracts, and purchase orders in order to secure an SBA revolving line of credit. For example, when fulfilling a purchase order request, that same order can be used as collateral to obtain an SBA-guaranteed line of credit to hire more workers and buy more materials.
- Small business subcontractors can now obtain an SBA-guaranteed line of credit to finance their work on a contract with a federal prime contractor.
- The SBA no longer requires small business owners without buildings or equipment to use their personal assets as collateral to secure working capital. CAPLines lets them pledge accounts receivable, inventory, contracts, and purchase orders.
- Small businesses benefit from the increased SBA 7(a) loan limit of \$5 million, which went into effect with the Small Business Jobs Act of 2010. These larger loan sizes will help small businesses that are poised to win bigger contracts and create a significant number of jobs.

If you think that the [new CAPLines program](#) might be helpful to you, contact a [Lender Relations Specialist](#) in the Virginia District Office or contact an [SBA participating lender](#).

## IMPORTANT FEDERAL TAX BREAKS EXPIRE ON DECEMBER 31, 2011

### Increased expensing limitations

An expense deduction is allowed for businesses which choose to treat the cost of certain qualified property, called section 179 property, as an expense rather than a capital expenditure. For qualifying property placed in service during the taxable years 2010 and 2011, the new law increases both the maximum amount of the deductible expense under IRC Section 179, as well as the statutory phase-out amount. The provision also expands the definition of IRC Section 179 property to include the following types of real property: qualified leasehold improvement property, qualified restaurant property and qualified retail improvement property.

### Additional first-year depreciation

Generally, businesses are allowed to recover the cost of capital expenditures over time through depreciation expense. IRC Section 168(k) allowed for additional first-year depreciation, for 50% of the basis, of certain qualified property placed in service after Dec. 31, 2009. Section 401, Extension of Bonus Depreciation, of the Tax Relief Act of 2010, expands the additional first-year depreciation deduction (bonus depreciation) to equal 100% of the cost of qualified property placed in service after Sept. 8, 2010, and before Jan. 1, 2012. It also provides for a 50% first-year bonus depreciation deduction for qualified property placed in service after Dec. 31, 2011 and before Jan. 1, 2013.

More information on these tax provisions can be found at <http://www.irs.gov/businesses/small/article/0,,id=230307.00.html#2021>.

### HAVE A QUESTION?

#### EMAIL YOUR QUESTIONS:

Our local email address is [richmond.va@sba.gov](mailto:richmond.va@sba.gov). If you are a small business owner or prospective owner located in our territory of Virginia (see page 1), please contact us if you have questions about starting a business, obtaining business financing, or any of our services.



### UPCOMING EVENTS

#### CALENDAR OF EVENTS:

Be sure to visit our [Calendar of Events](#) for workshops of interest to small business owners in Virginia. To get to the Calendar, go to our [website](#) and click on the “**View Full Calendar**” under the Events Calendar image.

**SHARE THIS NEWSLETTER WITH A FRIEND** – Do you know a fellow small business owner who would benefit from the **Richmond, VA SBA Newsletter**? If so, forward it to them or direct them to the registration page at <http://web.sba.gov/list/> (scroll down and click on the box next to Richmond, VA Newsletter).

**NEW SUBSCRIBERS** – For those who have just joined the Newsletter list, be sure to read earlier newsletters in our [Archives](#).