



# The United States Conference of Mayors

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## MAYORS CALL FOR FINANCIAL RELIEF FOR SMALL BUSINESSES

Washington, D.C. – The nation's mayors today are calling for financial relief for small businesses to help them through this unprecedented economic downturn. On the heels of the U.S. Conference of Mayors 77<sup>th</sup> Winter Meeting in Washington, D.C., Conference President Miami Mayor Manny Diaz sent the following letter to House Financial Services Committee Chairman Barney Frank (MA) and House Ways and Means Committee Chairman Charles Rangel (NY):

*On behalf of the nation's mayors, we are writing to first thank both of you for responding to the credit crisis that has hurt the housing market and impaired the ability of state and local governments to borrow money to finance long-term infrastructure projects as well as short-term needs. Mayors are also concerned about the impact of the credit crisis on small businesses. We offer the following comments in support of relief in three critical areas.*

***Mortgage Fund Relief:*** *We strongly support your legislative initiative that would establish a \$40 billion to \$100 billion foreclosure mitigation program funded through the Troubled Asset Relief Program (TARP) within the Department of Treasury. Mayors strongly support TARP to help homeowners at the risk of foreclosure. The plan would cover owner-occupied units and would be submitted by Treasury to Congress by March 15, 2009. Treasury would also have to implement the plan no later than April 1, 2009, and commit at least \$40 billion of the TARP funds by May 15, 2009.*

***Municipal Bond Relief:*** *We also support legislation adopted by the House which would amend the Emergency Economic Stabilization Act to make clear that the Treasury Secretary has authority, under TARP, to support state and local governments, and other issuers of municipal securities, which are experiencing difficulty accessing appropriate financing in the capital market. Also, language is included in the tax provisions of the pending Economic Recovery package that would repeal the application of the alternative minimum tax (AMT) for all tax-exempt private activity bonds issued in 2009 and 2010. Further, the new Administration has proposed that the Treasury Secretary and the Federal Reserve Chairman work together to design a facility to provide a funding backstop to the state and municipal government debt market similar to the program for the commercial paper market. All of these changes would help make credit more accessible to local governments at reasonable rates and in the end help local governments make better use of local tax dollars.*

***Small Business Relief:*** *Mayors across America are very concerned about the small businesses in their communities who are unable to borrow the funds they need to keep their businesses operating. The new Administration has proposed taking two immediate steps to address the credit crunch problem facing small businesses: (1) starting a nationwide emergency lending facility for small businesses that could be run through the Small Business Administration; and (2) eliminating the fees on SBA's loan guarantee programs for small businesses. We commend the Administration for these proposals and strongly urge that the lending facility for small business be empowered to provide a 100 percent loan guarantee program and that, at a minimum, at least \$7 billion be set aside to help provide the needed support and bolster the credit facilities for small businesses.*

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