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FOR IMMEDIATE RELEASE

Jewelers of America Welcomes Small Business Assistance in Economic Recovery Act

The bill includes tax and loan relief for jewelers, as well as tax credits to help boost consumer spending

New York, NY – Jewelers of America, the national trade association for businesses serving the fine jewelry retail marketplace, welcomes passage of “The American Recovery and Reinvestment Act of 2009,” which includes much-needed small business provisions that will benefit the jewelry industry, as well as tax relief designed to get consumers spending again.

“The economic stimulus measure is a step in the right direction and will provide essential relief to jewelers during this challenging period,” says Jewelers of America President and CEO Matthew A. Runci. “However, Jewelers of America will continue to pressure Congress on other issues that affect our members’ economic viability, such as assistance with business health care costs and passage of a Sales Tax Fairness & Simplification Act, to level the playing field between brick and mortar and Internet-only businesses.”

Among the business provisions in the new law that could have the biggest impact on jewelers:

- Small businesses can use losses from 2008 to offset profits in earlier years (any year more than two but less than six years ago) to obtain an immediate refund. The provision is limited to businesses with annual revenues under \$15 million.
- The Small Business Administration (SBA) will eliminate or reduce fees for participation in its flagship loan guarantee program, which insures banks against default by small business borrowers. The new law also increases to 90% the percentage of qualifying loans that the SBA can guarantee.
- The new law will also allow "small business stabilization financing," in which the SBA will loan money to pay off existing loans. Under the program, the SBA can issue or back loans of up to \$35,000. Businesses can then use the money to make up to six

months of payments on previous loans. Interest on stabilization loans will be fully subsidized, and the loans won't have any payments due for the first year. Borrowers must repay them within five years.

- Businesses restructuring their debt could delay paying taxes on the transaction for five years, and then spread the payments over an additional five years.

The recovery bill also includes critical tax incentives to get consumers back in stores, such as a refundable tax credit – effective in 2009 and 2010 – of up to \$400 for working individuals making \$75,000 and less and \$800 for working families making \$150,000 and less. There is also a refundable first-time home buyer credit, which could have an impact on young couples spending money in the bridal market. Overall about a third of the stimulus funds, totaling \$286 billion, will be spent on tax cuts designed to jump start consumer spending.

Additional stimulus measures geared toward business include an extension of bonus depreciation on capital expenditures through 2009, allowing businesses to immediately write-off 50% of the cost of depreciable property. Businesses buying equipment can also speed up depreciation through 2009. There's also a per worker tax credit of \$2,400 for companies that hire unemployed veterans and youth who have not been regularly employed or in school in the past six months; a reduction of the 2009 required estimated tax payments for certain small businesses; and a break on capital gains taxes for small business investors.

Where To Go For Further Information

To take advantage of the various business tax relief measures in the stimulus act, jewelers should check with their local tax consultants. For more information on the Small Business Administration provisions in the act, go to www.sba.gov. SBA announced that it plans to release more details on implementation of the stimulus act provisions in the next few weeks.

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About Jewelers of America

Jewelers of America is the national trade association for businesses serving the fine jewelry retail marketplace, representing 11,000 member stores. Jewelers of America's primary purpose is to improve consumer confidence in the jewelry industry by: serving as a forum for discussion and analysis of issues; playing a leadership role in public, government and industry affairs; advocating professionalism, including high ethical, social and environmental standards; and facilitating members' access to education. For more information about Jewelers of America, visit www.jewelers.org.