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(Original Signature of Member)

116TH CONGRESS
2D SESSION

H. R. _____

To amend the Small Business Act to optimize the operations of the microloan program, lower costs for small business concerns and intermediary participants in the program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. KIM introduced the following bill; which was referred to the Committee
on _____

A BILL

To amend the Small Business Act to optimize the operations of the microloan program, lower costs for small business concerns and intermediary participants in the program, 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,*

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

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Microloan Improvement Act of 2020”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Interest rate for certain intermediaries.
- Sec. 3. Lines of credit authorized.
- Sec. 4. Extended repayment terms.
- Sec. 5. Loan limits adjusted.
- Sec. 6. Program funding for microloans.
- Sec. 7. Technical assistance grant flexibility.
- Sec. 8. Credit reporting information.
- Sec. 9. Report regarding equitable distribution.

1 SEC. 2. INTEREST RATE FOR CERTAIN INTERMEDIARIES.

2 Section 7(m)(3)(F)(iii) of the Small Business Act (15
3 U.S.C. 636(m)(3)(F)(iii)) is amended by striking
4 “\$7,500” and inserting “\$10,000”.

5 SEC. 3. LINES OF CREDIT AUTHORIZED.

6 Section 7(m)(6)(A) of the Small Business Act (15
7 U.S.C. 636(m)(6)(A)) is amended by inserting “(including
8 lines of credit)” after “fixed rate loans”.

9 SEC. 4. EXTENDED REPAYMENT TERMS.

10 Section 7(m)(6) of the Small Business Act (15
11 U.S.C. 636(m)(6)) is amended by adding at the end the
12 following:

13 “(F) REPAYMENT TERMS.—

14 “(i) LIMITATION ON REPAYMENTS
15 TERM.—The repayment term for a loan
16 made under this paragraph shall not be
17 more than—

18 “(I) in the case of a loan made
19 by an intermediary of \$10,000 or less,
20 7 years; and

1 “(II) in the case of a loan made
2 by an intermediary of greater than
3 \$10,000, 10 years.

4 “(ii) NO ADDITIONAL LIMITATIONS.—
5 The Administrator may not impose any ad-
6 ditional limitation on the term for repay-
7 ment of a loan made by an intermediary
8 under this paragraph.”.

9 **SEC. 5. LOAN LIMITS ADJUSTED.**

10 Section 7(m)(3)(C) of the Small Business Act (15
11 U.S.C. 636(m)(3)(C)) is amended by striking “and
12 \$6,000,000” and inserting “and \$7,000,000 (in the aggre-
13 gate)”.

14 **SEC. 6. PROGRAM FUNDING FOR MICROLOANS.**

15 (a) IN GENERAL.—Section 7(m) of the Small Busi-
16 ness Act (15 U.S.C. 636(m)) is amended—

17 (1) in paragraph (7)(B)—

18 (A) by amending clause (i) to read as fol-
19 lows:

20 “(i) ALLOCATION.—Subject to the
21 availability of appropriations and for the
22 first 2 quarters of a fiscal year, of the total
23 amount of new loan funds made available
24 for award under this subsection in such
25 fiscal year, the Administrator shall—

1 “(I) reserve 15 percent of such
2 funds for award to designated under-
3 utilized States; and

4 “(II) make the remaining 85 per-
5 cent of such funds available for award
6 in any State.”; and

7 (B) in clause (ii), by striking “to carry
8 out” and all that follows through the period at
9 the end and inserting the following: “under
10 clause (i)(I) remains unexpended, the Adminis-
11 trator may make that portion available for
12 award in any State or designated underutilized
13 State.”; and

14 (2) in paragraph (11)—

15 (A) in subparagraph (C)(ii), by striking
16 the period at the end and inserting “; and”;
17 and

18 (B) by adding at the end the following new
19 subparagraph:

20 “(D) the term ‘State’ means each of the
21 several States, the District of Columbia, the
22 Commonwealth of Puerto Rico, the United
23 States Virgin Islands, Guam, the Northern
24 Mariana Islands, and American Samoa.”.

1 (b) RULEMAKING.—Not later than 180 days after the
2 date of the enactment of this Act, the Administrator of
3 Small Business Administration shall issue regulations to
4 define the term “designated underutilized State”, as used
5 in section 7(m)(7)(B) of the Small Business Act (15
6 U.S.C. 636(m)(7)(B)), as added by this section.

7 **SEC. 7. TECHNICAL ASSISTANCE GRANT FLEXIBILITY.**

8 Section 7(m)(4) of the Small Business Act (15
9 U.S.C. 636(m)(4)) is amended—

10 (1) in subparagraph (A), by striking “subpara-
11 graph (C)” each place that term appears and insert-
12 ing “subparagraphs (C) and (G)”;

13 (2) in subparagraph (C)(i)—

14 (A) by striking “subparagraph (A)” and
15 inserting “subparagraphs (A) and (G)”;

16 (B) by striking the dollar figure and in-
17 serting “\$10,000”;

18 (3) in subparagraph (D), by striking “subpara-
19 graph (A), or (C)” and inserting “subparagraph (A),
20 (C), or (G)”;

21 (4) by adding at the end the following:

22 “(G) GRANT AMOUNTS BASED ON APPRO-
23 PRIATIONS.—In any fiscal year in which the
24 amount appropriated to make grants under
25 subparagraph (A) is sufficient to provide to

1 each intermediary that receives a loan under
2 paragraph (1)(B)(i) a grant of not less than 25
3 percent of the total outstanding balance of
4 loans made to the intermediary under this sub-
5 section, the Administrator shall make a grant
6 under subparagraph (A) to each intermediary
7 of not less than 25 percent and not more than
8 30 percent of that total outstanding balance.”.

9 **SEC. 8. CREDIT REPORTING INFORMATION.**

10 The Administrator of the Small Business Administra-
11 tion shall issue rules establishing a process under which
12 an intermediary that makes a loan to a borrower under
13 section 7(m) of the Small Business Act (15 U.S.C.
14 636(m)) shall be required to provide the major credit re-
15 porting agencies with information about the borrower rel-
16 evant to credit reporting, such as the borrower’s payment
17 activity on the loan.

18 **SEC. 9. REPORT REGARDING EQUITABLE DISTRIBUTION.**

19 Section 7(m)(8) of the Small Business Act (15
20 U.S.C. 636(m)(8)) is amended—

21 (1) by striking “In approving” and inserting
22 the following:

23 “(A) IN GENERAL.—In approving”; and

24 (2) by adding at the end the following:

1 “(B) ANNUAL REPORT.—The Adminis-
2 trator shall include in the report submitted
3 under paragraph (10), and make publicly avail-
4 able on the website of the Administration, infor-
5 mation on how the Administration has met the
6 requirements of subparagraph (A).”.