

119TH CONGRESS
2D SESSION

S. _____

To amend the Small Business Act to establish a direct loan program for microbusinesses at the Small Business Administration, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Ms. CORTEZ MASTO introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To amend the Small Business Act to establish a direct loan program for microbusinesses at the Small Business Administration, 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.**

4 This Act may be cited as the “Microbusiness Support
5 Act”.

6 **SEC. 2. DIRECT LOAN PROGRAM FOR MICROBUSINESSES.**

7 Section 7(a) of the Small Business Act (15 U.S.C.
8 636(a)) is amended by adding at the end the following:

9 “(38) MICROBUSINESS LOAN PROGRAM.—

10 “(A) DEFINITION.—

1 “(i) IN GENERAL.—In this paragraph,
2 the term ‘microbusiness’ means an inde-
3 pendently owned and operated for-profit
4 business entity that—

5 “(I) employs not more than 10
6 full-time employees, determined on a
7 full-time equivalent basis; and

8 “(II) has annual revenue of not
9 more than the lesser of—

10 “(aa) \$5,000,000; or

11 “(bb) the size standard in
12 dollars, if any, for the North
13 American Industry Classification
14 System code assigned to the busi-
15 ness entity for the business entity
16 to qualify as a small business
17 concern.

18 “(ii) FULL-TIME.—For purposes of
19 clause (i), the term ‘full-time’ means that
20 an individual—

21 “(I) is employed for consideration
22 for not less than 35 hours each week;
23 or

24 “(II) renders any other standard
25 of service generally accepted by cus-

1 tom or specified by contract as full-
2 time employment.

3 “(iii) VERIFICATION.—The Adminis-
4 trator may request from a business entity
5 such documentation as may be necessary
6 to establish that the business entity quali-
7 fies as a microbusiness under this subpara-
8 graph.

9 “(B) AUTHORITY.—The Administrator is
10 authorized to originate and disburse direct
11 loans, including through partnerships with third
12 parties, to microbusinesses under this sub-
13 section.

14 “(C) MAXIMUM AMOUNT.—The maximum
15 amount of a loan made under this paragraph to
16 a microbusiness is \$100,000.

17 “(D) FEES.—With respect to each loan
18 made under this paragraph, the Administrator,
19 an authorized third party, or an agent may—

20 “(i) impose, collect, retain, and utilize
21 fees, which may be charged to the bor-
22 rower, to cover any costs associated with
23 referring applications or originating, mak-
24 ing, underwriting, disbursing, closing, serv-
25 icing, or liquidating the loan, including any

1 direct lending agent costs, other program
2 or contract costs, or other agent adminis-
3 trative expenses;

4 “(ii) impose, collect, retain, and utilize
5 fees (including unused fees and draw fees),
6 which may be charged to the borrower on
7 loans for revolving lines of credit; and

8 “(iii) pay third parties, including di-
9 rect lending agents and financial institu-
10 tions, with which the Administration part-
11 ners for assistance in referring applicants
12 or promoting, originating, making, under-
13 writing, disbursing, closing, servicing, or
14 liquidating loans in accordance with this
15 paragraph on behalf of the Administration.

16 “(E) TERMS.—

17 “(i) IN GENERAL.—Not later than 90
18 days after the date of enactment of this
19 paragraph, the Administrator shall issue
20 interim final rules and revise any relevant
21 rules to establish the terms and conditions
22 for a direct loan made under this para-
23 graph, including with respect to repay-
24 ment, underwriting criteria, interest rate,
25 maturity, and other terms.

1 “(ii) INTEREST RATE.—The interest
2 rate for a loan made under this paragraph
3 shall be in accordance with paragraph
4 (4)(A), except ‘6 percent per annum’ shall
5 be substituted for ‘1 percent per annum’.”.