

117TH CONGRESS
2D SESSION

H. R. 9347

To amend the Small Business Act to modify requirements relating to certain employee-owned businesses, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 17, 2022

Ms. VELÁZQUEZ (for herself and Mr. PHILLIPS) introduced the following bill;
which was referred to the Committee on Small Business

A BILL

To amend the Small Business Act to modify requirements relating to certain employee-owned businesses, 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 “Main Street Employee
5 Ownership 2.0 Act of 2022”.

6 **SEC. 2. PROHIBITION OF SELLER GUARANTEES.**

7 Section 7(a)(15)(B)(iv) of the Small Business Act
8 (15 U.S.C. 636 (a)(15)(B)(iv)) is amended to read as fol-
9 lows:

“(iv) with respect to a loan made to a trust or to a cooperative in accordance with paragraph (35), a seller of the small business concern may remain involved as an officer, director, or key employee of the small business concern after a qualified employee trust or cooperative has acquired 100 percent of ownership of the small business concern.”.

SEC. 3. PROHIBITION OF CERTAIN REQUIREMENTS RELATING TO LENDING TO QUALIFIED EMPLOYEE TRUSTS AND COOPERATIVES.

Section 7(a)(15)(G) of the Small Business Act (15 U.S.C. 636 (a)(15)(G)) is amended to read as follows:

“(G) With respect to a loan made to a qualified employee trust under this paragraph or to a cooperative in accordance with paragraph (35), the Administrator—

“(i) may not require the qualified employee trust or cooperative to provide any mandatory equity to make the loan;

“(ii) may not require the qualified employee trust or cooperative to obtain from the Secretary of the Treasury a determination letter with respect to its status as a qualified employee trust or cooperative (as applicable);

1 “(iii) shall allow the qualified employee
 2 trust or cooperative to submit an opinion letter
 3 with respect to its status as a qualified em-
 4 ployee trust or cooperative (as applicable); and

5 “(iv) may not require the qualified em-
 6 ployee trust or cooperative to obtain or submit
 7 an additional valuation of the qualified em-
 8 ployee trust or cooperative (as applicable) if the
 9 qualified employee trust or cooperative has al-
 10 ready obtained a valuation from a third party
 11 pursuant to any Federal law.”.

12 **SEC. 4. PROHIBITION OF PERSONAL OR ENTITY GUAR-**
 13 **ANTEE REQUIREMENT.**

14 Section 7(a)(35) of the Small Business Act (15
 15 U.S.C. 636(a)(35)) is amended by striking subparagraph
 16 (B) and replacing it with the following:

17 “(B) AUTHORITY.—

18 “(i) IN GENERAL.—The Administrator
 19 shall guarantee loans made to a coopera-
 20 tive for the purpose described in paragraph
 21 (15).

22 “(ii) PROHIBITION ON PERSONAL OR
 23 ENTITY GUARANTEE.—The Administrator
 24 shall not require a cooperative to provide a

1 personal guarantee or an entity guarantee
2 for a loan under this subsection.”.

3 **SEC. 5. DELEGATED AUTHORITY FOR 7(a) PREFERRED**
4 **LENDERS PROGRAM LOANS TO QUALIFIED**
5 **EMPLOYEE TRUSTS AND COOPERATIVES.**

6 Section 5(b)(7) of the Small Business Act (15 U.S.C.
7 634(b)(7)) is amended by striking the period after “liq-
8 uidation” and inserting the following: “: *Provided further*,
9 that the Administrator shall permit deferred participation
10 loans (including those made by lenders participating in the
11 program defined in section 7(a)(3)(iii)) guaranteed under
12 paragraph (15) or (35) of section 7(a) to be processed
13 under the lender’s delegated authority to make and close
14 loans under this subsection;”.

15 **SEC. 6. COOPERATIVE ELIGIBILITY FOR DISASTER ASSIST-**
16 **ANCE PROGRAM.**

17 Section 7(b) (15 U.S.C. 636(b)) is amended—

18 (1) in paragraph (1)(A), by inserting “, includ-
19 ing to cooperatives as defined in subsection
20 (a)(35)(A),” after “basis”;

21 (2) in paragraph (1)(B), by inserting “(includ-
22 ing a cooperative as defined in subsection
23 (a)(35)(A))” after “business concern”; and

- 1 (3) in paragraph (2), by inserting after “small
- 2 business concern” the following: “(including a coop-
- 3 erative as defined in subsection (a)(35)(A))”.

