

117TH CONGRESS  
1ST SESSION

# H. R. 1502

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.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 2, 2021

Mr. KIM of New Jersey (for himself, Mr. GARBARINO, Ms. NEWMAN, and Mr. BURCHETT) introduced the following bill; which was referred to the Committee on Small Business

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## 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.**

4       This Act may be cited as the “Microloan Improve-  
5       ment Act of 2021”.

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 (a) IN GENERAL.—Section 7(m)(6) of the Small  
11 Business Act (15 U.S.C. 636(m)(6)) is amended by add-  
12 ing at the end the 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

21 “(II) in the case of a loan made  
22 by an intermediary of greater than  
23 \$10,000, 10 years.

24 “(ii) NO ADDITIONAL LIMITATIONS.—  
25 The Administrator may not impose any ad-  
26 ditional limitation on the term for repay-

1                   ment of a loan made by an intermediary  
2                   under this paragraph.”.

3           (b) TECHNICAL AMENDMENT.—Section 329(c) of the  
4 Economic Aid to Hard-Hit Small Businesses, Nonprofits,  
5 and Venues Act (Public Law 116–260; 134 Stat. 2042  
6 15 U.S.C. 636 note) is repealed.

7 **SEC. 5. PROGRAM FUNDING FOR MICROLOANS.**

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

10                   (1) in paragraph (7)(B)—

11                           (A) by amending clause (i) to read as fol-  
12 lows:

13                                   “(i) ALLOCATION.—Subject to the  
14 availability of appropriations and for the  
15 first 2 quarters of a fiscal year, of the total  
16 amount of new loan funds made available  
17 for award under this subsection in such  
18 fiscal year, the Administrator shall—

19   “(I) reserve 15 percent of such  
20 funds for award to designated under-  
21 utilized States; and

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

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

(2) in paragraph (11)—

(A) in subparagraph (C)(ii), by striking “and” at the end;

(B) in subparagraph (D), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following new subparagraph:

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

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

1 **SEC. 6. CREDIT REPORTING INFORMATION.**

2       The Administrator of the Small Business Administra-  
3 tion shall issue rules establishing a process under which  
4 an intermediary that makes a loan to a borrower under  
5 section 7(m) of the Small Business Act (15 U.S.C.  
6 636(m)) shall be required to provide the major credit re-  
7 porting agencies with information about the borrower rel-  
8 evant to credit reporting, such as the borrower's payment  
9 activity on the loan.

10 **SEC. 7. REPORT REGARDING EQUITABLE DISTRIBUTION.**

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

13               (1) by striking “In approving” and inserting  
14       the following:

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

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

17                       “(B) ANNUAL REPORT.—The Adminis-  
18       trator shall include in the report submitted  
19       under paragraph (10), and make publicly avail-  
20       able on the website of the Administration, infor-  
21       mation on how the Administration has met the  
22       requirements of subparagraph (A).”.

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