

Suspend the Rules and Pass the Bill, H.R. 6078, With an Amendment

(The amendment strikes all after the enacting clause and inserts a new text)

116TH CONGRESS
2^D SESSION

H. R. 6078

To amend the Small Business Act to increase transparency and to enhance the use of microloans in rural areas, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 4, 2020

Mr. BURCHETT (for himself and Mr. KIM) introduced the following bill; which was referred to the Committee on Small Business

A BILL

To amend the Small Business Act to increase transparency and to enhance the use of microloans in rural areas, 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 Trans-
5 parency and Accountability Act of 2020”.

1 **SEC. 2. ASSISTANCE FOR INTERMEDIARIES SERVING**
2 **RURAL AREAS.**

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

5 (1) by amending paragraph (4)(C)(i) to read as
6 follows:

7 “(i) Each intermediate shall be eligi-
8 ble to receive a grant equal to 5 percent of
9 the total outstanding balance of loans
10 made to the intermediary under this sub-
11 section, in addition to grants made under
12 subparagraph (A), if the intermediary has
13 either—

14 “(I) a portfolio of loans made
15 under this subsection that averages
16 not more than \$10,000 during the pe-
17 riod of the intermediary’s participa-
18 tion in the program;

19 “(II) a portfolio of loans made
20 under this subsection of which not
21 less than 25 percent are made to
22 small business concerns located in or
23 owned by one or more residents of an
24 economically distressed area; or

25 “(III) a portfolio of loans made
26 under this subsection of which not

1 less than 25 percent is serving rural
2 areas during the period of the
3 intermediary's participation in the
4 program.”; and

5 (2) in paragraph (11)—

6 (A) in subparagraph (C)(ii), by striking all
7 after the semicolon and inserting “and”; and

8 (B) by striking all after subparagraph (C),
9 and inserting the following:

10 “(D) the term ‘economically distressed
11 area’, as used in paragraph (4), means a county
12 or equivalent division of local government of a
13 State in which the small business concern is lo-
14 cated, in which, according to the most recent
15 data available from the Bureau of the Census,
16 Department of Commerce, not less than 40 per-
17 cent of residents have an annual income that is
18 at or below the poverty level.”.

19 **SEC. 3. PORTFOLIO RISK ANALYSIS OF MICROLOANS.**

20 Section 7(m)(10) of the Small Business Act (15
21 U.S.C. 636(m)(10)) is amended—

22 (1) by redesignating subparagraphs (A) through
23 (F) as clauses (i) through (vi), respectively, and ad-
24 justing the margins accordingly;

1 (2) by amending clause (iv), as so redesignated,
2 to read as follows:

3 “(vi) the number, amount, and per-
4 centage of microloans made by inter-
5 mediaries to small business concerns—

6 “(I) that went into default in the
7 previous year; and

8 “(II) that were charged off in the
9 previous year by such inter-
10 mediaries;”;

11 (3) in clause (vi), as so redesignated, by strik-
12 ing “and” at the end;

13 (4) by redesignating subparagraph (G) as
14 clause (xviii), and adjusting the margin accordingly;

15 (5) by striking “On November 1, 1995,” and all
16 that follows through “the following:” and inserting
17 the following:

18 “(A) IN GENERAL.—Beginning on Feb-
19 ruary 1, 2021, and annually thereafter, the Ad-
20 ministrator shall submit to the Committee on
21 Small Business and Entrepreneurship of the
22 Senate and the Committee on Small Business
23 of the House of Representatives, and make
24 available to the public on the website of the Ad-
25 ministration, a report on the effectiveness of

1 the microloan program during the fiscal year
2 preceding the date of the report. Such report
3 shall include—”;

4 (6) in subparagraph (A), as so designated, by
5 inserting after clause (vi) the following new clauses:

6 “(vii) the number and type of enforce-
7 ment actions taken by the Administrator
8 against noncompliant intermediaries;

9 “(viii) an analysis of compliance by
10 intermediaries with the credit availability
11 requirements of paragraph (3)(E) for loans
12 in an amount greater than \$20,000;

13 “(ix) the extent to which microloans
14 are provided to small business concerns in
15 rural areas;

16 “(x) the number of underserved bor-
17 rowers, as defined by the Administration,
18 participating in the microloan program;

19 “(xi) the average rate of interest for
20 each microloan;

21 “(xii) the average amount of fees
22 charged for each microloan;

23 “(xiii) the average size of each
24 microloan, including—

1 “(I) the number of loans made in
2 an amount greater than \$20,000; and

3 “(II) the average size and
4 charge-off rate of such loans;

5 “(xiv) the subsidy cost to the Admin-
6 istration;

7 “(xv) the number and percentage of
8 microloans that were made to refinance
9 other loans;

10 “(xvi) the number and percentage of
11 microloans made to new program partici-
12 pants and the number and percentage of
13 microloans made to previous program par-
14 ticipants;

15 “(xvii) the average amount of tech-
16 nical assistance grant monies spent on
17 each loan; and”;

18 (7) by adding at the end the following:

19 “(B) PRIVACY.—Each report submitted
20 under subparagraph (A) shall not contain any
21 personally identifiable information of any bor-
22 rower.”.