To establish a business stabilization direct loan program and the authority to establish a secondary market guarantee in the Small Business Administration, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. ______ introduced the following bill; which was referred to the Committee on _____________________

A BILL

To establish a business stabilization direct loan program and the authority to establish a secondary market guarantee in the Small Business Administration, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “SBA Business Stabilization Direct Loan Program Act of 2020”.

(Original Signature of Member)
SEC. 2. BUSINESS STABILIZATION DIRECT LOAN PROGRAM.

(a) IN GENERAL.—The Administrator of the Small Business Administration shall carry out a program to make loans directly to eligible borrowers.

(b) ELIGIBLE BORROWER DEFINED.—In this section, the term “eligible borrower” means a person who—

(1) is a small business concern as defined under section 3 of the Small Business Act (15 U.S.C. 632); and

(2) is located in a State or territory of the United States with a confirmed or presumed positive case of COVID–19.

(c) USE OF FUNDS.—In addition to the use of proceeds currently permitted under section 7(a) of the Small Business Act (15 U.S.C. 636(a)), loans made under this section may be used for the following purposes:

(1) To make periodic payments of principal and interest, for a period not to exceed 12 months, on a loan or a loan guarantee made to an eligible borrower that meets the eligibility standards of such section 7(a).

(2) To provide benefits to employees of the eligible borrower, including group life insurance, disability insurance, sick leave, annual leave, educational benefits, paid family leave, or retirement benefits (including a pension plan or I.R.A.).
(3) To pay wages to employees of the eligible borrower, and related State and Federal payroll taxes, except that loan proceeds may not be used to pay amounts under a garnishment order issued by an agency of a State or Federal Government.

(4) To provide technology, hardware, or software for a shift to telework or remote work for employees of the eligible borrower to enable continuity of operations.

(5) To pay rent or utilities due or owed on any place of business of the eligible borrower.

(6) To refinance an existing debt (including interest) in an amount not to exceed 50 percent of the amount of the debt.

(7) To provide floor plan financing or other revolving line of credit.

(8) To pay past-due Federal, State, or local payroll taxes, sales taxes, or other similar taxes that are required to be collected by the eligible borrower and held in trust on behalf of a Federal, State, or local government entity.

(9) To provide employees and patrons of the eligible borrower with the necessary items specified by any public health authority to mitigate the spread of COVID–19.
(d) **LOAN TERMS.**—

1. **AMOUNT.**—Loans made under this section may not exceed $2,500,000.

2. **DISBURSEMENT.**—Not more than 20 percent of the proceeds of a loan made under this section shall be disbursed not later than 5 calendar days after a loan is approved under this section.

3. **TERM.**—Loans made under this section shall be for a term of 10 years, and a borrower shall not be required to repay such loan during the 12-month period beginning on the date of disbursement of the loan.

4. **INTEREST; FEES.**—The Administrator may not charge any interest or fees for a loan made under this section.

(e) **COLLATERAL.**—The Administrator shall not decline to make a loan under this section to an otherwise eligible borrower due solely to inadequate collateral. The Administrator shall accept any available collateral, including subordinated liens, to secure a loan made under this section.

(f) **SUNSET.**—

1. **IN GENERAL.**—Except as provided in paragraph (2), the Administrator of the Small Business
Administration may not make a loan under this section after September 30, 2022.

(2) EXTENSION.—The Administrator may extend authority to make loans under this section by an additional 6 months by notifying Congress, in writing, within 10 calendar days before any extension.

(g) EMERGENCY RULEMAKING AUTHORITY.—

(1) IN GENERAL.—Within 15 days after the date of the enactment of this section, the Administrator of the Small Business Administration—

(A) shall issue rules to carry out this section; and

(B) may issue rules to establish a secondary market for loans made under this section.

(2) NOTICE.—The notice requirements of section 553(b) of title 5, United States Code shall not apply to any issuance of rules under paragraph (1).

(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Administrator of the Small Business Administration such sums as may be necessary to pay for the cost of making $25,000,000,000 in direct loans under this section. In the previous sentence,
the cost of direct loans shall be as defined in section 502