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.

IN THE HOUSE OF REPRESENTATIVES

Mr. Kim introduced the following bill; which was referred to the Committee on ____________________________

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; TABLE OF CONTENTS.

4 (a) Short Title.—This Act may be cited as the “Microloan Improvement Act of 2020”.
5 (b) Table of Contents.—The table of contents for this Act is as follows:
Sec. 1. Short title; table of contents.
Sec. 2. Interest rate for certain intermediaries.
Sec. 3. Lines of credit authorized.
Sec. 4. Extended repayment terms.
Sec. 5. Loan limits adjusted.
Sec. 6. Program funding for microloans.
Sec. 7. Technical assistance grant flexibility.
Sec. 8. Credit reporting information.
Sec. 9. Report regarding equitable distribution.

**Sec. 2. INTEREST RATE FOR CERTAIN INTERMEDIARIES.**

Section 7(m)(3)(F)(iii) of the Small Business Act (15 U.S.C. 636(m)(3)(F)(iii)) is amended by striking "$7,500" and inserting "$10,000".

**Sec. 3. LINES OF CREDIT AUTHORIZED.**

Section 7(m)(6)(A) of the Small Business Act (15 U.S.C. 636(m)(6)(A)) is amended by inserting "(including lines of credit)" after "fixed rate loans".

**Sec. 4. EXTENDED REPAYMENT TERMS.**

Section 7(m)(6) of the Small Business Act (15 U.S.C. 636(m)(6)) is amended by adding at the end the following:

"(F) REPAYMENT TERMS.—

“(i) LIMITATION ON REPAYMENTS TERM.—The repayment term for a loan made under this paragraph shall not be more than—

“(I) in the case of a loan made by an intermediary of $10,000 or less, 7 years; and"
“(II) in the case of a loan made by an intermediary of greater than $10,000, 10 years.

“(ii) No additional limitations.—The Administrator may not impose any additional limitation on the term for repayment of a loan made by an intermediary under this paragraph.”.

SEC. 5. LOAN LIMITS ADJUSTED.

Section 7(m)(3)(C) of the Small Business Act (15 U.S.C. 636(m)(3)(C)) is amended by striking “and $6,000,000” and inserting “and $7,000,000 (in the aggregate)”.

SEC. 6. PROGRAM FUNDING FOR MICROLOANS.

(a) In General.—Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended—

(1) in paragraph (7)(B)—

(A) by amending clause (i) to read as follows:

“(i) Allocation.—Subject to the availability of appropriations and for the first 2 quarters of a fiscal year, of the total amount of new loan funds made available for award under this subsection in such fiscal year, the Administrator shall—
“(I) reserve 15 percent of such funds for award to designated underutilized States; and

“(II) make the remaining 85 percent of such funds available for award 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 the period at the end and inserting “; and”;

and

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

“(D) 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 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.

SEC. 7. TECHNICAL ASSISTANCE GRANT FLEXIBILITY.

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

(1) in subparagraph (A), by striking “subparagraph (C)” each place that term appears and inserting “subparagraphs (C) and (G)”;

(2) in subparagraph (C)(i)—

(A) by striking “subparagraph (A)” and inserting “subparagraphs (A) and (G)”;

(B) by striking the dollar figure and inserting “$10,000”;

(3) in subparagraph (D), by striking “subparagraph (A), or (C)” and inserting “subparagraph (A), (C), or (G)”;

(4) by adding at the end the following:

“(G) GRANT AMOUNTS BASED ON APPROPRIATIONS.—In any fiscal year in which the amount appropriated to make grants under subparagraph (A) is sufficient to provide to
each intermediary that receives a loan under paragraph (1)(B)(i) a grant of not less than 25 percent of the total outstanding balance of loans made to the intermediary under this subsection, the Administrator shall make a grant under subparagraph (A) to each intermediary of not less than 25 percent and not more than 30 percent of that total outstanding balance.”.

SEC. 8. CREDIT REPORTING INFORMATION.

The Administrator of the Small Business Administration shall issue rules establishing a process under which an intermediary that makes a loan to a borrower under section 7(m) of the Small Business Act (15 U.S.C. 636(m)) shall be required to provide the major credit reporting agencies with information about the borrower relevant to credit reporting, such as the borrower’s payment activity on the loan.

SEC. 9. REPORT REGARDING EQUITABLE DISTRIBUTION.

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

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

“(A) IN GENERAL.—In approving”;

(2) by adding at the end the following:
“(B) ANNUAL REPORT.—The Administrator shall include in the report submitted under paragraph (10), and make publicly available on the website of the Administration, information on how the Administration has met the requirements of subparagraph (A).”.