

I encourage my colleagues to support this important bipartisan legislation.

Ms. CRAIG. Madam Speaker, I have no further speakers and I am prepared to close. I reserve the balance of my time.

Mr. LUETKEMEYER. Madam Speaker, I yield myself the balance of my time.

Madam Speaker, 2020 was a difficult year for small businesses. The COVID-19 pandemic hit small businesses hard. This is especially true for small businesses that were just starting out.

As our country continues to recover, the SBA's programs and resources must be ready to assist the Nation's job creators along the way.

The microloan program is a key tool for many small business owners. The reforms in H.R. 1502 are commonsense improvements that will continue to provide assistance and resources to America's Main Street businesses.

Madam Speaker, I urge and recommend my colleagues to support H.R. 1502, and I yield back the balance of my time.

□ 1430

Ms. CRAIG. Madam Speaker, I yield myself the balance of my time.

As the small business economy starts to recover from the COVID-19 pandemic, entrepreneurs will need as many affordable capital options as possible. That is why the Economic Aid Act included PPP updates, grants for hard-hit venues, and other enhancements to SBA's business loan programs, including the microloan program.

Today's bill takes the next step after that relief effort toward fully modernizing and optimizing SBA's microloan program. For nearly 30 years, this program has had a strong track record of success and has helped to launch many successful small businesses, especially those owned by women and minority entrepreneurs. The record is full of success stories as the program has grown from a simple pilot program to a vital lending tool with strong stakeholder and congressional support.

The legislation before us today renews our commitment to startups by easing access to the program for even more aspiring entrepreneurs and making the program nimbler for intermediaries and borrowers alike.

Passing this bill will be another step to help lead our Nation out of this pandemic and build back the economy by embracing America's entrepreneurial spirit.

I applaud the work by Mr. KIM and Mr. GARBARINO for their bipartisan work on the microloan program. I encourage all of my colleagues to vote "yes," and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Minnesota (Ms. CRAIG) that the House suspend the rules and pass the bill, H.R. 1502.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mr. WEBER of Texas. Madam Speaker, on that I demand the yeas and nays.

The SPEAKER pro tempore. Pursuant to section 3(s) of House Resolution 8, the yeas and nays are ordered.

Pursuant to clause 8 of rule XX, further proceedings on this motion are postponed.

## MICROLOAN TRANSPARENCY AND ACCOUNTABILITY ACT OF 2021

Ms. CRAIG. Madam Speaker, I move to suspend the rules and pass the bill (H.R. 1487) to amend the Small Business Act to increase transparency, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 1487

*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 "Microloan Transparency and Accountability Act of 2021".

### SEC. 2. PORTFOLIO RISK ANALYSIS OF MICROLOANS.

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

(1) by redesignating subparagraphs (A) through (F) as clauses (i) through (vi), respectively, and adjusting the margins accordingly;

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

"(vi) the number, amount, and percentage of microloans made by intermediaries to small business concerns—

"(I) that went into default in the previous year; and

"(II) that were charged off in the previous year by such intermediaries;"

(3) in clause (vi), as so redesignated, by striking "and" at the end;

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

(5) by striking "On November 1, 1995," and all that follows through "the following:" and inserting the following:

"(A) IN GENERAL.—Beginning on February 1, 2022, and annually thereafter, the Administrator shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives, and make available to the public on the website of the Administration, a report on the effectiveness of the microloan program during the fiscal year preceding the date of the report. Such report shall include—"

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

"(vii) the number and type of enforcement actions taken by the Administrator against noncompliant intermediaries;

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

"(ix) the extent to which microloans are provided to small business concerns in rural areas;

"(x) the number of underserved borrowers, as defined by the Administration, participating in the microloan program;

"(xi) the average rate of interest for each microloan;

"(xii) the average amount of fees charged for each microloan;

"(xiii) the average size of each microloan, including—

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

"(II) the average size and charge-off rate of such loans;

"(xiv) the subsidy cost to the Administration;

"(xv) the number and percentage of microloans that were made to refinance other loans;

"(xvi) the number and percentage of microloans made to new program participants and the number and percentage of microloans made to previous program participants;

"(xvii) the average amount of technical assistance grant monies spent on each loan; and"; and

(7) by adding at the end the following:

"(B) PRIVACY.—Each report submitted under subparagraph (A) shall not contain any personally identifiable information of any borrower."

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from Minnesota (Ms. CRAIG) and the gentleman from Missouri (Mr. LUETKEMEYER) each will control 20 minutes.

The Chair recognizes the gentlewoman from Minnesota.

GENERAL LEAVE

Ms. CRAIG. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the measure under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Minnesota?

There was no objection.

Ms. CRAIG. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I rise in support of the bill before us today, H.R. 1487, the Microloan Transparency and Accountability Act, which will improve SBA's data reporting with respect to the microloan program.

Specifically, the bill would have SBA and microlenders report on the number, amount, and percentage of microloans that went into default in the previous year; the extent to which microloans are provided to small businesses in rural areas; and the average size, interest rate, and amount of fees charged for each microloan.

These metrics will help Congress and the public better evaluate the program and its impact on underserved communities and make improvements as needed.

This program is vital in helping women and minorities obtain much-needed capital. In fiscal year 2020, 47 percent of microloans were made to women-owned small businesses, and more than 51 percent of microloans were made to minority-owned small businesses.

This language was approved unanimously last Congress by both the Small Business Committee and the full House, and I look forward to a similar vote here today.

The version of the bill from last Congress also included a provision that would increase the amount of technical assistance grant funding a rural-serving microlender would receive. I am

pleased that language was included as part of the Economic Aid Act and is now law.

However, our work on the microloan program is not done. H.R. 1487 continues the work to keep strengthening the program, and I encourage all of my colleagues to support it.

I applaud the bipartisanship shown by the sponsors of these bills, especially the leads, Mr. BURCHETT and Mr. KIM.

I urge all of my colleagues to vote “yes.”

Madam Speaker, I reserve the balance of my time.

Mr. LUETKEMEYER. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I rise in support of H.R. 1487, the Microloan Transparency and Accountability Act of 2021.

I thank the chair for moving these bills quickly to the House floor. I also want to commend the gentleman from Tennessee (Mr. BURCHETT), the gentleman from Wisconsin (Mr. FITZGERALD), the gentleman from New Jersey (Mr. KIM), and the gentlewoman from Illinois (Ms. NEWMAN) for working diligently and in a bipartisan fashion on behalf of America’s small businesses.

It is important to note that once Congress creates a Federal Government program, tool, or resource, the work is not done. Members of Congress must examine and determine the effectiveness and efficiency of the programs in practice to ensure that they are meeting congressional intent.

H.R. 1487 does just this for the microloan program, which delivers capital assistance and counseling to our Nation’s smallest businesses. Oftentimes, businesses that are just starting out and taking their first steps as a company are participants in the microloan program.

On an annual basis, the Small Business Administration will be required to report to Congress on the microloan program’s default rates, an analysis of credit requirements, the extent and reach of the program in rural areas, and so on.

H.R. 1487 will also increase transparency and provide Congress with tools to ensure it is working on behalf of small businesses across the Nation.

I urge my colleagues to support this commonsense and straightforward legislation, and I reserve the balance of my time.

Ms. CRAIG. Madam Speaker, I reserve the balance of my time.

Mr. LUETKEMEYER. Madam Speaker, I yield as much time as he may consume to the gentleman from Tennessee (Mr. BURCHETT), a distinguished gentleman who has worked hard on a lot of small business issues.

Mr. BURCHETT. Madam Speaker, the Microloan Transparency and Accountability Act is important bipartisan legislation that gives all entrepreneurs fair access to the Small Business Administration’s microloan program.

As a former small business owner, I know accessible financial resources are important for growth, innovation, and success. Working folks have to jump on the first horse that comes down the pike, as my dad used to say, or need to dip into personal savings, like I did. Wealthy folks have family assets. Inner cities and rural Appalachia don’t have those same opportunities, Madam Speaker. These are hardworking Americans just looking to get their foot in the door and to have a fair shot.

This legislation aims to boost rural small business participation in the SBA microloan program by requiring the Small Business Administration to submit to Congress a financial analysis of the microloan program. This ensures Federal microloans are targeted toward rural areas, not just large urban centers, and creates important oversight that reduces fraud and government waste.

These fixes will allow America’s entrepreneurs, regardless of background or location, to have easier access to capital that helps them reach their goals.

I am proud to partner with Representatives ANDY KIM, SCOTT FITZGERALD, and MARIE NEWMAN on this legislation that will make a difference for east Tennessee’s mom-and-pop shops and small businesses across our great country.

Ms. CRAIG. Madam Speaker, I reserve the balance of my time.

Mr. LUETKEMEYER. Madam Speaker, I yield as much time as he may consume to the gentleman from Wisconsin (Mr. FITZGERALD), a huge supporter of small businesses and all their issues.

Mr. FITZGERALD. Madam Speaker, I rise today in support of H.R. 1487.

Unlike large businesses with access to debt and equity markets, small businesses rely on commercial banking to fund their operations. Should a credit-worthy small business be unable to obtain a conventional business loan, the Small Business Administration can help the small business by offering access to capital through the microloan program. The microloan program allows nonprofit intermediaries to make loans of up to \$50,000 to small businesses, along with technical assistance.

The program has grown from approving \$52 million in loans in 2015 to over \$80 million in 2019. Despite this growth, the SBA produces minimal statistics that are needed to evaluate a government guarantee loan program.

This commonsense legislation will require the SBA to produce an annual report detailing additional information about microloans that have defaulted and the number of loans provided to rural areas.

We owe it to Americans to conduct basic oversight to protect their taxpayer dollars while expanding opportunities for rural small businesses to grow and innovate.

I urge a “yes” vote on this bill to ensure small businesses hit hard by the pandemic have robust access to capital, regardless of their size and location.

Ms. CRAIG. Madam Speaker, I have no further speakers, and I am prepared to close.

Mr. LUETKEMEYER. Madam Speaker, I yield myself the balance of my time.

The microloan program, which delivers capital assistance to the Nation’s smallest businesses, is an important lending tool at the SBA. H.R. 1487, the Microloan Transparency and Accountability Act of 2021, will deliver comprehensive data and information on the effectiveness of the program.

I applaud all of the Members working on this important legislation in an effort to shine more light on how well the program is working.

From my State of Missouri to both of the Nation’s coasts, accessing capital remains a top challenge facing all small businesses. Tools and resources like the microloan program can make a huge difference to small business owners in the early stages of their businesses. We must ensure these programs and tools are operating at a high level and delivering on the goals that Congress set for them. That is why this bill is so important.

I urge my colleagues to support H.R. 1487, and I yield back the balance of my time.

Ms. CRAIG. Madam Speaker, I yield myself the balance of my time.

It is often said that information is power. H.R. 1487 will greatly increase the information publicly available about the microloan program’s performance and impact.

If we intend to continue to support the smallest of small businesses, we need to make sure the programs targeting them are operating at their best. That starts with improving the data and information available about where the loans are going, how affordable they are, and where the gaps in coverage are.

With more data, the public can assess the impact these loans have in our communities, and Congress will be able to monitor the program and identify areas for improvement.

I thank the gentlemen from Tennessee and New Jersey for their hard work and collaboration in bringing this bill to the floor today.

I urge my colleagues to vote “yes,” and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Minnesota (Ms. CRAIG) that the House suspend the rules and pass the bill, H.R. 1487.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mr. WEBER of Texas. Madam Speaker, on that I demand the yeas and nays.

The SPEAKER pro tempore. Pursuant to section 3(s) of House Resolution 8, the yeas and nays are ordered.

Pursuant to clause 8 of rule XX, further proceedings on this motion are postponed.

# 504 MODERNIZATION AND SMALL MANUFACTURER ENHANCEMENT ACT OF 2021

Ms. DAVIDS of Kansas. Madam Speaker, I move to suspend the rules and pass the bill (H.R. 1490) to amend the Small Business Investment Act of 1958 to improve the loan guaranty program, enhance the ability of small manufacturers to access affordable capital, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 1490

*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 “504 Modernization and Small Manufacturer Enhancement Act of 2021”.

## SEC. 2. ADDITIONS TO POLICY GOALS FOR THE DEVELOPMENT COMPANY PROGRAM.

Section 501(d)(3) of the Small Business Investment Act of 1958 (15 U.S.C. 695(d)(3)) is amended—

(1) by redesignating subparagraphs (A) through (L) as subparagraphs (B) through (M), respectively;

(2) by inserting before subparagraph (B) (as so redesignated) the following:

“(A) workforce development through work-based or work-integrated training, which shall be satisfied by demonstrating that a small business concern that is a subject of the project has—

“(i) a documented in-house training program, the duration of which is not shorter than 12 weeks; or

“(ii) entered into a contract with an entity—

“(I) to provide trained applicants for any open position of employment at the small business concern; and

“(II) that ensures that any applicant provided to the small business concern under subclause (I) has undergone not fewer than 12 weeks of training that is relevant to the open position described in that subclause.”;

(3) by amending subparagraph (D) (as so redesignated) to read as follows:

“(D) expansion of minority-owned, employee-owned, or women-owned business development.”;

(4) in subparagraph (L) (as so redesignated), by striking “producers, or” and inserting “producers.”;

(5) in subparagraph (M) (as so redesignated), by striking the period at the end and inserting a comma;

(6) by inserting after subparagraph (M) the following new subparagraphs:

“(N) enhanced ability for small business concerns to reduce costs by using energy efficient products and generating renewable energy,

“(O) aid revitalizing of any area for which a disaster has been declared or determined under subparagraph (A), (B), (C), or (E) of section 7(b)(2) of the Small Business Act, or

“(P) expansion of small business concerns with 10 or fewer employees.”; and

(7) in the flush text following subparagraph (P), as added by paragraph (6), by striking “subparagraphs (J) and (K)” and inserting “subparagraphs (K) and (L)”.

## SEC. 3. INCREASE IN LOAN AMOUNTS FOR MANUFACTURING LOANS.

Section 502 of the Small Business Investment Act of 1958 (15 U.S.C. 696) is amended—

(1) in the matter preceding paragraph (1), by striking “The Administration” and inserting the following:

“(a) IN GENERAL.—The Administration”;

and

(2) in subsection (a), as so designated—

(A) in paragraph (2)(A)—

(i) in the matter preceding clause (i), by striking “section” and inserting “subsection”;

(ii) in clause (iii), by striking “\$5,500,000” and inserting “\$6,500,000”; and

(B) in paragraph (3)(A), by striking “this section” and inserting “this subsection”.

## SEC. 4. IMPROVEMENTS TO 504 LOAN CLOSING PROCEDURE.

Title V of the Small Business Investment Act of 1958 (15 U.S.C. 695 et seq.) is amended—

(1) in section 502, as amended by section 3, by adding at the end the following new subsections:

“(b) CLOSING.—

“(1) AUTHORITY OF CERTAIN DEVELOPMENT COMPANIES.—An accredited lender certified company may take any of the following actions to facilitate the closing of a loan made under subsection (a):

“(A) Reallocate the cost of the project with respect to which the loan is made in an amount that is not more than 10 percent of the overall cost of the project.

“(B) Correct any name that is applicable to the loan, including the name of any borrower, guarantor, eligible passive company described in subparagraph (C)(i), and operating company described in subparagraph (C)(ii).

“(C) Form any of the following to receive proceeds of the loan:

“(i) An eligible passive company that complies with section 120.111 of title 13, Code of Federal Regulations, or any successor regulation.

“(ii) If an eligible passive company is formed under clause (i), an operating company with respect to that eligible passive company.

“(D) Correct the address of any property with respect to which the loan is made.

“(E) Correct the name of any interim lender or third-party lender.

“(F) Change any third-party lender or interim lender if that lender is a financial institution that is regulated by the Federal Government or a State government.

“(G) Make a guarantor a co-borrower or a co-borrower a guarantor.

“(H) Add a guarantor that does not change ownership with respect to the loan.

“(I) Reduce the amount of standby debt before the closing as a result of regularly scheduled payments.

“(J) Reduce the cost of the project with respect to which the loan is made.

“(2) FEES.—The Administrator shall—

“(A) issue a rule regarding the amount of a closing fee that may be financed in a debenture that is issued by a certified development company to make one or more loans to small business concerns, the proceeds of which are used by that concern for the purposes described in subsection (a), except that such amount shall be not less than \$3,500; and

“(B) periodically update the rule issued under subparagraph (A).

“(3) NO ADVERSE CHANGE AND FINANCIAL STATEMENT.—Before the closing with respect to a loan made under subsection (a), the borrower and any operating company shall—

“(A) make the certification required under section 120.892 of title 13, Code of Federal Regulations, or any successor regulation; and

“(B) submit to the certified development company a financial statement that is not more than 180 days old, which the company shall certify not later than 120 days before the date on which the certified development company issues a debenture with respect to the project to which the loan relates.

“(c) ACCREDITED LENDER CERTIFIED COMPANY DEFINED.—In this section, the term ‘accredited lender certified company’ means a certified development company that meets the requirements under section 507(b), including a certified development company that the Administration has designated as an accredited lender under such section 507(b).”; and

(2) by adding at the end the following new section:

## “SEC. 511. CLOSING AND OVERSIGHT.

“(a) SBA DISTRICT COUNSELS.—Beginning on the date of enactment of this section, with respect to the program established under this title, district counsels of the Administration shall be subject to the same requirements, and shall have the same authority and responsibilities, as in effect with respect to that program on the day before the date of enactment of this section, except that—

“(1) the Office of Credit Risk Management of the Administration shall have the responsibility for all duties relating to conducting file reviews of loans made under this title; and

“(2) district counsels of the Administration shall not have any responsibility relating to the review of closing packages with respect to a loan made under this title.

“(b) DESIGNATED ATTORNEYS.—For the purposes of this title, the following provisions and requirements shall apply with respect to a designated attorney of a certified development company:

“(1) A designated attorney that meets the requirements determined under paragraph (2) shall be responsible for certifying documents relating to the closing of a loan described in this title.

“(2) The Administrator may determine any continuing education requirements that the designated attorney shall be required to satisfy in order to be permitted to close a loan made under this title.

“(3) If, as of the date of enactment of this section, a certified development company does not have a designated attorney, during the 270-day period beginning on that date of enactment, the certified development company may identify such an attorney, subject to the approval of the Administrator.”.

## SEC. 5. CERTIFIED DEVELOPMENT COMPANY LOANS FOR SMALL MANUFACTURERS.

(a) CONTRIBUTION REQUIREMENT.—Section 502(a)(3)(C) of the Small Business Investment Act of 1958, as designated by section 3, is amended—

(1) by redesignating clauses (i), (ii), (iii), and (iv) as subclauses (I), (II), (III), and (IV), respectively, and adjusting the margins of such subclauses accordingly;

(2) by inserting before subclause (I), as so redesignated, the following:

“(i) for a small business concern that is not a small manufacturer (as defined in section 501(e)(7))—”;

(3) in subclause (III), as so redesignated, by striking “clauses (i) and (ii)” and inserting “subclauses (I) and (II)”;

(4) in subclause (IV) as so redesignated, by striking the period at the end and inserting “; or”;

(5) by adding at the end the following:

“(ii) for a small manufacturer (as defined in section 501(e)(7))—

“(I) at least 5 percent of the total cost of the project financed, if the small business concern has been in operation for a period of 2 years or less;

“(II) at least 5 percent of the total cost of the project financed, if the project involves a limited or single purpose building or structure;

“(III) at least 10 percent of the total cost of the project financed if the project involves