



H.R. 1023— the Small Business Investment Company Capital Act of 2015 (Chabot, R-OH)

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FLOOR SCHEDULE: JULY 13, 2015 UNDER A SUSPENSION OF THE RULES WHICH REQUIRES TWO-THIRDS MAJORITY FOR PASSAGE.

TOPLINE SUMMARY: [H.R. 1023](#) would amend the [Small Business Investment Act of 1958](#) by increasing the amount of leverage available to investment companies licensed by the Small business Administration (SBA) under common control and ownership from \$225 million to \$350 million.

CONSERVATIVE CONCERNS: Some conservatives may be concerned that the bill would expand the taxpayers’ exposure to federal lending programs, and that business lending is best left to the private sector. The government already [has trillions of dollars](#) in exposure to loans and loan guarantees on the books.

- **Expand the Size and Scope of the Federal Government?** Yes. This bill would increase leverage fund limits from \$225 million to \$350 million.
- **Encroach into State or Local Authority?** No
- **Delegate Any Legislative Authority to the Executive Branch?** No
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No

COST: The Congressional Budget Office (CBO) [estimates](#) that increasing the maximum loan guarantee would not affect the estimated net subsidy cost, nor would the changes increase the SBA’s cost to administer the program, which is recorded in the budget on a cash basis. Therefore, CBO estimates that implementing H.R. 1023 would not affect discretionary spending. H.R. 1023 also would not affect direct spending or revenues and, pay-as-you-go procedures do not apply.

DETAILED SUMMARY AND ANALYSIS: Small business investment companies (SBICs) receive a license from the SBA to provide equity to small businesses. The SBA authorizes the licensee to draw leverage, or take out a loan, from the U.S. government, of up to three times the amount of private capital raised by the SBIC. These SBICs are limited in the amount of leverage they are able to obtain from the government, with the current limit set at [\\$150 million](#). If that limit is reached and more capital is needed, SBIC managers are unable to participate in the program unless they start a second SBIC, creating a combined limit of \$225 million, with the second SBIC raising \$25 million and obtaining \$75 million in leverage.

Because of recent changes in the economic landscape, investors are turning to equity investments, such as those provided by the SBICs. This legislation would increase fund limits from \$225 million to \$350 million.

OUTSIDE GROUPS IN SUPPORT
[U.S. Chamber of Commerce](#)

COMMITTEE ACTION: This legislation was introduced on February 24, 2015 and referred to the House Committee on Small Business. It was ordered to be reported by voice vote on June 10, 2015.

ADMINISTRATION POSITION: No statement of administration policy is available at this time.

CONSTITUTIONAL AUTHORITY: According to the sponsor, Congress has the power to enact this legislation pursuant to the following: Article 1, Section 8, Clause 3 of the United States Constitution.

H.R. 208 – Superstorm Sandy Relief and Disaster Loan Program Improvement Act of 2015 (Velazquez, D-NY)

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FLOOR SCHEDULE: JULY 13, 2015 UNDER A SUSPENSION OF THE RULES WHICH REQUIRES TWO-THIRDS MAJORITY FOR PASSAGE.

TOPLINE SUMMARY: [H.R. 208](#) would amend the [Small Business Investment Act of 1958](#) so that individuals who were affected by Superstorm Sandy in October of 2012—and were unable to file for disaster loans due to Small Business Administration (SBA) administrative backlogs—can file for these loans. This legislation would also make changes to the Disaster Loan Program.

COST: A Congressional Budget Office (CBO) cost estimate is not currently available.

CONSERVATIVE CONCERNS: Some conservatives may be concerned that the bill would increase the taxpayers' exposure to federal lending programs. The government already [has trillions of dollars](#) in exposure to loans and loan guarantees on the books. In addition, there are also concerns that this bill would expand the allowable uses for disaster loans to include the construction of safe rooms. Some may argue that this expansion falls outside of the scope of structure modification for damage reduction.

- **Expand the Size and Scope of the Federal Government?** Yes. This bill would extend the disaster loan program established in the aftermath of Superstorm Sandy.
- **Encroach into State or Local Authority?** No
- **Delegate Any Legislative Authority to the Executive Branch?** No
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No

DETAILED SUMMARY AND ANALYSIS: Because Superstorm Sandy was authorized as a disaster under the [Stafford Act](#), the SBA was authorized to offer disaster loans to homeowners and businesses affected by the storm. These loans must be applied for within 60 days post-disaster for physical disaster loans and nine months for economic injury disaster loans. Despite changes instituted by Congress following Hurricane Katrina regarding disaster loan administration, the SBA was ill equipped to deal with the 15,745 loan applications it received.

Section 3: Revised disaster deadline—This section would require the SBA to reopen the application process for disaster loans to those located in the area for which the President declared a major disaster during Superstorm Sandy. Permissible loans would include both physical disaster loans and economic injury disaster loans. It would not include immediate disaster assistance. This section would require loans to be available for at least one year.

Section 4: Use of physical damage disaster loans to construct safe rooms—Currently, the SBA issues physical disaster loans for 120 percent of the value of property destroyed and not covered by insurance. The additional 20 percent can be used to modify structures to reduce damage from any following disaster. This section would

require the SBA to authorize the use of this additional 20 percent for the construction of safe rooms as a mitigating measure when modifying structures.

Section 5: Collateral requirements for small business concerns- This section would prohibit the administrator from requiring that a personal residence be used as collateral for loans less than \$250,000 if the applicant has another sufficient means of collateral that covers the value of the home.

Section 6: Reducing delays on closing and disbursement of loans- This section would require the SBA to inform applicants that they may file, and should file if the information is available, all necessary documentation at the time of application or else a delay in the processing and disbursement of the loan may result.

Section 7: Increasing transparency in loan approvals- This section would require the administrator to create and implement clear, written policies, for analyzing the ability to repay a disaster loan.

Section 8: Safeguarding taxpayers' interests- This section would require economic injury disaster loan applicants to file all paperwork prior to approval, so that the agency will be able to better determine eligibility and assess damages as a result of the natural disaster.

Section 9: Disaster performance measures- This section requires the SBA to report disaggregated data so Congress, managers, and loan applicants can have a better understanding of the processing and disbursement of disaster loans.

Section 10: Disaster plan improvements- This section requires the SBA to update their comprehensive written disaster response plan, addressing subsequent disasters that could result in a large amount of disaster loan applicants.

Section 11: Report to Congress on implementation of certain programs- This section requires the administrator to provide a report to Congress detailing the progress made in promulgating rules for disaster loan programs.

COMMITTEE ACTION: This legislation was introduced on January 8, 2015 and referred to the House Committee on Small Business. It was ordered to be reported by voice vote on June 10, 2015.

ADMINISTRATION POSITION: No statement of administration policy is available at this time.

CONSTITUTIONAL AUTHORITY: According to the sponsor, Congress has the power to enact this legislation pursuant to the following: Article 1, Section 8, Clause 3 of the United States Constitution.

H.R. 2670— Microloan Modernization Act of 2015 (Moulton, D-MA)

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FLOOR SCHEDULE: JULY 13, 2015 UNDER A SUSPENSION OF THE RULES WHICH REQUIRES TWO-THIRDS MAJORITY FOR PASSAGE.

TOPLINE SUMMARY: H.R. 2670 would amend the [Small Business Investment Act of 1958](#) by giving microloan intermediaries more flexibility in providing loans and technical assistance to borrowers.

CONSERVATIVE CONCERNS: Some conservatives may be concerned that the bill would expand the taxpayers' exposure to loans and that economic development is best left to the private sector. The government already [has trillions of dollars](#) in exposure to loans and loan guarantees on the books. Specifically, this bill would increase the lending limits from \$5 million to \$6 million, potentially increasing taxpayer exposure. In addition, some may be concerned that this bill would extend repayment terms for certain government-backed microloans.

- **Expand the Size and Scope of the Federal Government?** Yes. It would increase the lending limits for federal loans.
- **Encroach into State or Local Authority?** No
- **Delegate Any Legislative Authority to the Executive Branch?** No
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No

COST: A Congressional Budget Office (CBO) cost estimate is not available.

DETAILED SUMMARY AND ANALYSIS: The microloan program was created to provide credit to entrepreneurs who would otherwise not be able to access it. Through this program, the Small Business Administration (SBA) makes loans at below market rates to intermediaries, who then provide loans to borrowers. These loans are capped at \$50,000. The SBA provides these loans at lower interest rates to intermediaries who maintain an average loan size of under \$7,500. Because borrowers repay the intermediaries, who in turn repay the SBA, the default rate on the loans made by the SBA is effectively zero.

Section 2 would create a waiver process for the 25/75 rule under section 7(m) for intermediaries. Under current law, intermediaries are not permitted to use more than 25 percent of TA funds to assist borrowers. The waiver process would provide flexibility for administration of technical assistance (TA) grants, requiring intermediaries to explain how they would use the pre-loan TA and to give assurances that enough would remain to support all post-loan borrowers. Notice and comment procedures would apply in promulgating the rule.

Section 3 would increase the lending limit from \$5 million to \$6 million, a 20-percent increase, to allow lenders to meet additional demand at no cost to tax payers.

Section 4 would alter the repayment term. The current six year repayment period would continue to apply to loans up to \$10,000. This section would grant a repayment term of up to 10 years loans in excess of \$10,000. The length of the term of each loan would become open, with loan length determined by the borrower and the intermediary.

Section 5 would remove the SBA's prohibition on lines of credit, allowing approved intermediaries to issue short-term lines of credit.

Section 6 would require a GAO study of the U.S. microenterprise industry to increase 7(m) program participation. This study would examine operations, including services provided, structure, and area of operation, of a sample of participants and non-participants in microenterprise programs. It would also look at why some non-participants do not join the program, and would examine university-based microenterprise programs. The study would make recommendations on how to improve 7(m) program participation.

Section 7 would require the SBA's office of Advocacy to conduct a study of the impact of a mandatory savings requirement, which has had some success in third world countries, for the 7(m) program.

COMMITTEE ACTION: This legislation was introduced on June 4, 2015 and referred to the House Committee on Small Business. It was ordered to be reported by voice vote on June 10, 2015.

ADMINISTRATION POSITION: No statement of administration policy is available at this time.

CONSTITUTIONAL AUTHORITY: According to the sponsor, Congress has the power to enact this legislation pursuant to the following: Article 1, Section 8, Clause 3 of the United States Constitution.

H.R. 2499- Veterans Entrepreneurship Act of 2015 (Chabot, R-OH)

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FLOOR SCHEDULE: JULY 13, 2015 UNDER A SUSPENSION OF THE RULES WHICH REQUIRES TWO-THIRDS MAJORITY FOR PASSAGE.

TOPLINE SUMMARY: [H.R. 2499](#) would amend the [Small Business Investment Act of 1958](#) to increase access to capital for veterans by eliminating upfront fees in the 7(a) Express Loan Program.

CONSERVATIVE CONCERNS: There are no substantive concerns.

- **Expand the Size and Scope of the Federal Government?** No
- **Encroach into State or Local Authority?** No
- **Delegate Any Legislative Authority to the Executive Branch?** No
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No

DETAILED SUMMARY AND ANALYSIS: In FY14, only 2,113 loans under the SBA's Business Guarantee Loan Program, also known as the 7(a) Loan Program, were made to veterans. This program allows the SBA to guarantee loans made by private lending institutions.

This bill would make permanent the SBA waiver of upfront fees on any loan of up to \$350,000 made to a veteran through the 7(a) Loan Program's express loan product, reducing the amount of upfront cash veterans would need when starting a business. Under the 7(a) Loan Program, borrowers are required to pay upfront fees. For example, a loan of \$300,000, upfront fees would normally total \$9,000.

Express loans are limited at up to \$350,000 and are guaranteed at 50 percent. Fees would not be waived in times when the program would require appropriated funds to operate.

The legislation would require the SBA administrator to submit a report to Congress detailing the level of outreach performed by both women's and veteran business centers to assess female veteran's access to capital.

COMMITTEE ACTION: This legislation was introduced on May 21, 2015 and referred to the House Committee on Small Business. It was ordered to be reported by voice vote on June 10, 2015.

ADMINISTRATION POSITION: No statement of administration policy is available at this time.

COST: The Congressional Budget Office (CBO) [estimates](#) that implementing H.R. 2499 would have an insignificant effect on spending subject to appropriation. The SBA has discretion to adjust other fees authorized under the 7(a) program, within certain limits, to maintain an overall subsidy rate of zero; therefore, the CBO expects the agency would use that flexibility to maintain the program at no cost, thereby allowing SBA to offer the waiver. The CBO estimates that the bill's reporting requirements would not have a significant effect on the agency's workload or costs. Enacting H.R. 2499 would not affect direct spending or revenues; therefore pay-as-you-go procedures do not apply.

CONSTITUTIONAL AUTHORITY: According to the sponsor, Congress has the power to enact this legislation pursuant to the following: Article 1, Section 8, Clause 3 of the United States Constitution.

H.R. 387—Economic Development Through Tribal Land Exchange Act (Rep. Ruiz, D-CA)

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FLOOR SCHEDULE: SCHEDULED FOR CONSIDERATION ON JULY 13, 2015, UNDER A SUSPENSION OF THE RULES WHICH REQUIRES TWO-THIRDS MAJORITY FOR PASSAGE.

TOPLINE SUMMARY: [H.R. 387](#) would authorize four parcels of land in California to be taken into trust for the Morongo Band of Mission Indians.

CONSERVATIVE CONCERNS: There are no major substantive concerns.

- **Expand the Size and Scope of the Federal Government?** No.
- **Encroach into State or Local Authority?** No.
- **Delegate Any Legislative Authority to the Executive Branch?** No.
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No.

DETAILED SUMMARY AND ANALYSIS: H.R. 387 would authorize a land exchange between a specified private land owner, Mr. Lloyd L. Fields, the federal government on behalf of the Morongo Band of Mission Indians, and the city of Banning, California. The Secretary of the Interior would thus be authorized to transfer 41.15 acres of land. Because the tribal lands are held in trust by the federal government, the Morongo Band of Mission Indians would need congressional authorization to enter into the land exchange. The House Report (H. Rept. 114-173) accompanying H.R. 387 can be found [here](#).

COMMITTEE ACTION: This bill was introduced on January 14, 2015, and was referred to the House Committee on Natural Resources and was reported by the committee on June 23, 2015.

ADMINISTRATION POSITION: No statement of administration policy is available.

CONSTITUTIONAL AUTHORITY: Congress has the power to enact this legislation pursuant to the following: clause 18 of section 8 of article I of the Constitution.

COST: The Congressional Budget Office (CBO) [estimates](#) that implementing the bill would have no significant effect on the federal budget. Enacting H.R. 387 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

S. 179 — To designate the facility of the United States Postal Service located at 14 3rd Avenue, NW, in Chisholm, Minnesota, as the “James L. Oberstar Memorial Post Office Building” (Sen. Klobuchar, D-MN)

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FLOOR SCHEDULE: JULY 13, 2015 UNDER A SUSPENSION OF THE RULES WHICH REQUIRES TWO-THIRDS MAJORITY FOR PASSAGE.

TOPLINE SUMMARY: [S. 179](#) would designate the United States Postal Service facility located at 14 3rd Avenue, NW, in Chisholm, Minnesota, as the “James L. Oberstar Memorial Post Office Building.”

CONSERVATIVE CONCERNS: There are no substantive conservative concerns.

- **Expand the Size and Scope of the Federal Government?** No.
- **Encroach into State or Local Authority?** No.
- **Delegate Any Legislative Authority to the Executive Branch?** No.
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No.

DETAILED SUMMARY AND ANALYSIS: James Oberstar served in the House of Representatives from 1975-2011 representing Minnesota’s 8th congressional district. During his time in Congress he served as the chairman of the House Transportation and Infrastructure Committee from 2007-2011.

COST: A Congressional Budget Office (CBO) estimate is not available at this time. The only the costs associated with naming U.S. federal buildings and post offices are those for sign and map changes, none of which significantly affect the federal budget.

COMMITTEE ACTION: This bill was introduced by Senator Klobuchar on January 13, 2015, and referred to the Senate Committee on Homeland Security and Governmental Affairs where it was reported out on May 6, 2015. This bill passed the Senate by unanimous consent on May 11, 2015. It was then received in the House and referred to the House Committee on Oversight and Government Reform where it awaits further action.

ADMINISTRATION POSITION: No statement of administration policy is available at this time.

CONSTITUTIONAL AUTHORITY: Bills that originate in the Senate do not require a constitutional authority statement.

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