

106TH CONGRESS
1ST SESSION

S. 918

IN THE HOUSE OF REPRESENTATIVES

JULY 29, 1999

Referred to the Committee on Small Business

AN ACT

To authorize the Small Business Administration to provide financial and business development assistance to military reservists' small businesses, 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 “Military Reservists
5 Small Business Relief Act of 1999”.

1 **SEC. 2. REPAYMENT DEFERRAL FOR ACTIVE DUTY RESERV-**
 2 **ISTS.**

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

5 “(n) REPAYMENT DEFERRED FOR ACTIVE DUTY RE-
 6 SERVISTS.—

7 “(1) DEFINITIONS.—In this subsection:

8 “(A) ELIGIBLE RESERVIST.—The term ‘el-
 9 igible reservist’ means a member of a reserve
 10 component of the Armed Forces ordered to ac-
 11 tive duty during a period of military conflict.

12 “(B) ESSENTIAL EMPLOYEE.—The term
 13 ‘essential employee’ means an individual who is
 14 employed by a small business concern and
 15 whose managerial or technical expertise is crit-
 16 ical to the successful day-to-day operations of
 17 that small business concern.

18 “(C) PERIOD OF MILITARY CONFLICT.—
 19 The term ‘period of military conflict’ means—

20 “(i) a period of war declared by Con-
 21 gress;

22 “(ii) a period of national emergency
 23 declared by Congress or by the President;
 24 or

1 “(iii) a period of a contingency oper-
2 ation, as defined in section 101(a) of title
3 10, United States Code.

4 “(D) QUALIFIED BORROWER.—The term
5 ‘qualified borrower’ means—

6 “(i) an individual who is an eligible
7 reservist and who received a direct loan
8 under subsection (a) or (b) before being
9 ordered to active duty; or

10 “(ii) a small business concern that re-
11 ceived a direct loan under subsection (a) or
12 (b) before an eligible reservist, who is an
13 essential employee, was ordered to active
14 duty.

15 “(2) DEFERRAL OF DIRECT LOANS.—

16 “(A) IN GENERAL.—The Administration
17 shall, upon written request, defer repayment of
18 principal and interest due on a direct loan made
19 under subsection (a) or (b), if such loan was in-
20 curred by a qualified borrower.

21 “(B) PERIOD OF DEFERRAL.—The period
22 of deferral for repayment under this paragraph
23 shall begin on the date on which the eligible re-
24 servist is ordered to active duty and shall termi-
25 nate on the date that is 180 days after the date

1 such eligible reservist is discharged or released
2 from active duty.

3 “(C) INTEREST RATE REDUCTION DURING
4 DEFERRAL.—Notwithstanding any other provi-
5 sion of law, during the period of deferral de-
6 scribed in subparagraph (B), the Administra-
7 tion may, in its discretion, reduce the interest
8 rate on any loan qualifying for a deferral under
9 this paragraph.

10 “(3) DEFERRAL OF LOAN GUARANTEES AND
11 OTHER FINANCINGS.—The Administration shall—

12 “(A) encourage intermediaries partici-
13 pating in the program under subsection (m) to
14 defer repayment of a loan made with proceeds
15 made available under that subsection, if such
16 loan was incurred by a small business concern
17 that is eligible to apply for assistance under
18 subsection (b)(3); and

19 “(B) not later than 30 days after the date
20 of enactment of this subsection, establish guide-
21 lines to—

22 “(i) encourage lenders and other
23 intermediaries to defer repayment of, or
24 provide other relief relating to, loan guar-
25 antees under subsection (a) and financings

under section 504 of the Small Business Investment Act of 1958 that were incurred by small business concerns that are eligible to apply for assistance under subsection (b)(3), and loan guarantees provided under subsection (m) if the intermediary provides relief to a small business concern under this paragraph; and

“(ii) implement a program to provide for the deferral of repayment or other relief to any intermediary providing relief to a small business borrower under this paragraph.”.

SEC. 3. DISASTER LOAN ASSISTANCE FOR MILITARY RE-SERVISTS’ SMALL BUSINESSES.

Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by inserting after the undesignated paragraph that begins with “*Provided*, That no loan”, the following:

“(3)(A) In this paragraph—

“(i) the term ‘essential employee’ means an individual who is employed by a small business concern and whose managerial or technical expertise is critical to the successful day-to-day operations of that small business concern;

1 “(ii) the term ‘period of military conflict’
2 has the meaning given the term in subsection
3 (n)(1); and

4 “(iii) the term ‘substantial economic in-
5 jury’ means an economic harm to a business
6 concern that results in the inability of the busi-
7 ness concern—

8 “(I) to meet its obligations as they
9 mature;

10 “(II) to pay its ordinary and nec-
11 essary operating expenses; or

12 “(III) to market, produce, or provide
13 a product or service ordinarily marketed,
14 produced, or provided by the business con-
15 cern.

16 “(B) The Administration may make such dis-
17 aster loans (either directly or in cooperation with
18 banks or other lending institutions through agree-
19 ments to participate on an immediate or deferred
20 basis) to assist a small business concern that has
21 suffered or that is likely to suffer substantial eco-
22 nomic injury as the result of an essential employee
23 of such small business concern being ordered to ac-
24 tive military duty during a period of military con-
25 flict.

1 “(C) A small business concern described in sub-
2 paragraph (B) shall be eligible to apply for assist-
3 ance under this paragraph during the period begin-
4 ning on the date on which the essential employee is
5 ordered to active duty and ending on the date that
6 is 90 days after the date on which such essential
7 employee is discharged or released from active duty.

8 “(D) Any loan or guarantee extended pursuant
9 to this paragraph shall be made at the same interest
10 rate as economic injury loans under paragraph (2).

11 “(E) No loan may be made under this para-
12 graph, either directly or in cooperation with banks
13 or other lending institutions through agreements to
14 participate on an immediate or deferred basis, if the
15 total amount outstanding and committed to the bor-
16 rower under this subsection would exceed
17 \$1,500,000, unless such applicant constitutes a
18 major source of employment in its surrounding area,
19 as determined by the Administration, in which case
20 the Administration, in its discretion, may waive the
21 \$1,500,000 limitation.

22 “(F) For purposes of assistance under this
23 paragraph, no declaration of a disaster area shall be
24 required.”.

1 **SEC. 4. BUSINESS DEVELOPMENT AND MANAGEMENT AS-**
2 **SISTANCE FOR MILITARY RESERVISTS'**
3 **SMALL BUSINESSES.**

4 (a) IN GENERAL.—Section 8 of the Small Business
5 Act (15 U.S.C. 637) is amended by adding at the end the
6 following:

7 “(1) MANAGEMENT ASSISTANCE FOR SMALL BUSI-
8 NESSES AFFECTED BY MILITARY OPERATIONS.—The Ad-
9 ministration shall utilize, as appropriate, its entrepre-
10 neurial development and management assistance pro-
11 grams, including programs involving State or private sec-
12 tor partners, to provide business counseling and training
13 to any small business concern adversely affected by the
14 deployment of units of the Armed Forces of the United
15 States in support of a period of military conflict (as de-
16 fined in section 7(n)(1)).”.

17 (b) ENHANCED PUBLICITY DURING OPERATION AL-
18 LIED FORCE.—For the duration of Operation Allied Force
19 and for 120 days thereafter, the Administration shall en-
20 hance its publicity of the availability of assistance provided
21 pursuant to the amendments made by this Act, including
22 information regarding the appropriate local office at which
23 affected small businesses may seek such assistance.

24 **SEC. 5. GUIDELINES.**

25 Not later than 30 days after the date of enactment
26 of this Act, the Administrator of the Small Business Ad-

1 ministration shall issue such guidelines as the Adminis-
2 trator determines to be necessary to carry out this Act
3 and the amendments made by this Act.

4 **SEC. 6. EFFECTIVE DATES.**

5 (a) IN GENERAL.—Except as provided in subsection
6 (b), the amendments made by this Act shall take effect
7 on the date of the enactment of this Act.

8 (b) DISASTER LOANS.—The amendments made by
9 section 3 shall apply to economic injury suffered or likely
10 to be suffered as the result of a period of military conflict
11 occurring or ending on or after March 24, 1999.

Passed the Senate July 27, 1999.

Attest:

GARY SISCO,
Secretary.