

106TH CONGRESS  
1ST SESSION

# S. 918

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IN THE HOUSE OF REPRESENTATIVES

JULY 29, 1999

Referred to the Committee on Small Business

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## 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

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

9 “(ii) implement a program to provide  
10 for the deferral of repayment or other re-  
11 lief to any intermediary providing relief to  
12 a small business borrower under this para-  
13 graph.”.

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

16 Section 7(b) of the Small Business Act (15 U.S.C.  
17 636(b)) is amended by inserting after the undesignated  
18 paragraph that begins with “*Provided*, That no loan”, the  
19 following:

20 “(3)(A) In this paragraph—

21 “(i) the term ‘essential employee’ means  
22 an individual who is employed by a small busi-  
23 ness concern and whose managerial or technical  
24 expertise is critical to the successful day-to-day  
25 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.*