

108TH CONGRESS
2D SESSION

S. 2193

To improve small business loan programs, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 10, 2004

Ms. SNOWE (for herself and Mr. BOND) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

A BILL

To improve small business loan programs, 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 “Small Business Loan
5 Revitalization Act”.

6 **SEC. 2. COMBINATION FINANCING.**

7 (a) IN GENERAL.—Section 7(a) of the Small Busi-
8 ness Act (15 U.S.C. 636(a)) is amended by adding at the
9 end the following:

10 “(31) COMBINATION FINANCING.—

1 “(A) DEFINITIONS.—In this paragraph—

2 “(i) the term ‘combination financing’
3 means financing comprised of a loan guar-
4 anteed under this subsection and a com-
5 mercial loan; and

6 “(ii) the term ‘commercial loan’
7 means a loan of which no portion is guar-
8 anteed by the Federal government.

9 “(B) APPLICATION.—A loan guarantee
10 under this subsection on behalf of a small busi-
11 ness concern, which is approved within 120
12 days of the date on which a commercial loan is
13 obtained by the same small business concern,
14 shall be subject to the provisions of this para-
15 graph.

16 “(C) COMMERCIAL LOAN AMOUNT.—A
17 small business concern shall not be eligible to
18 receive combination financing under this para-
19 graph unless the commercial loan obtained by
20 the small business concern does not exceed
21 \$2,000,000.

22 “(D) COMMERCIAL LOAN PROVISIONS.—
23 The commercial loan obtained by the small
24 business concern—

1 “(i) may be made by the participating
 2 lender that is providing financing under
 3 this subsection or by a different lender;

4 “(ii) may be secured by a senior lien;
 5 and

6 “(iii) may be made by a lender in the
 7 Preferred Lenders Program, if applicable.

8 “(E) COMMERCIAL LOAN FEE.—A one-
 9 time fee in an amount equal to 0.5 percent of
 10 the amount of the commercial loan shall be paid
 11 by the lender to the Administration if the com-
 12 mercial loan has a senior credit position to that
 13 of the loan guaranteed under this subsection.
 14 All proceeds from the loan guaranteed under
 15 this subsection shall be used to offset the cost
 16 (as defined in section 502 of the Credit Reform
 17 Act of 1990) to the Administration of guaran-
 18 teeing loans under this subsection.

19 “(F) DEFERRED PARTICIPATION LOAN
 20 ELIGIBILITY.—

21 “(i) MAXIMUM AMOUNT.—A small
 22 business concern may not receive combina-
 23 tion financing under this paragraph in an
 24 amount greater than \$4,000,000.

1 “(ii) NET AMOUNT.—The net amount
 2 of the deferred participation share shall
 3 not exceed the maximum amount of a net
 4 guarantee provided under paragraph
 5 (3)(A).

6 “(G) DEFERRED PARTICIPATION LOAN SE-
 7 CURITY.—A loan guaranteed under this sub-
 8 section may be secured by a subordinated lien.

9 “(H) AVAILABILITY.—Combination financ-
 10 ing shall be available under this paragraph not-
 11 withstanding any maximum limitation on loans
 12 imposed by the Administration.”.

13 (b) SUNSET DATE.—The amendment made by sub-
 14 section (a) shall take effect on the first day after the date
 15 of enactment of this Act and is repealed on October 1,
 16 2004.

17 **SEC. 3. LOAN GUARANTEE FEES.**

18 (a) IN GENERAL.—Section 7(a) of the Small Busi-
 19 ness Act (15 U.S.C. 636(a)) is amended—

20 (1) in paragraph (18)(B), by adding at the end
 21 the following: “This subparagraph shall not apply to
 22 any loan approved during the period beginning on
 23 the first day after the date of enactment of para-
 24 graph (23)(A)(iii) and ending on September 30,
 25 2004.”; and

1 (2) in paragraph (23), by amending subpara-
2 graph (A) to read as follows:

3 “(A) PERCENTAGE.—

4 “(i) IN GENERAL.—With respect to
5 each loan guaranteed under this sub-
6 section, the Administrator shall, in accord-
7 ance with such terms and procedures as
8 the Administrator shall establish by regula-
9 tion, assess and collect an annual fee in an
10 amount equal to 0.5 percent of the out-
11 standing balance of the deferred participa-
12 tion share of the loan.

13 “(ii) FIRST TEMPORARY PERCENT-
14 AGE.—With respect to loans approved dur-
15 ing the period beginning on October 1,
16 2002 and ending on the date of enactment
17 of this clause, the annual fee assessed and
18 collected under clause (i) shall be equal to
19 0.25 percent of the outstanding balance of
20 the deferred participation share of the
21 loan.

22 “(iii) SECOND TEMPORARY PERCENT-
23 AGE.—During the period beginning on the
24 first day after the date of enactment of
25 this clause and ending on September 30,

1 2004, the annual fee assessed and collected
 2 under clause (i) shall be equal to 0.35 per-
 3 cent of the outstanding balance of the de-
 4 ferred participation share of the loan.”.

5 (b) **EFFECTIVE DATE.**—The amendments made by
 6 subsection (a) shall take effect on the first day after the
 7 date of enactment of this Act and are repealed on October
 8 1, 2004.

9 **SEC. 4. RECONSIDERATION OF LOAN APPLICATIONS RE-**
 10 **JECTED BASED ON LOAN AMOUNT.**

11 (a) **CONSIDERATION OF LOAN APPLICATION SUB-**
 12 **MITTED BEFORE JANUARY 8, 2004.**—Beginning on the
 13 first day after the date of enactment of this Act, the Small
 14 Business Administration shall reconsider any application
 15 submitted on or after December 23, 2003 and before Jan-
 16 uary 8, 2004, under section 7(a) of the Small Business
 17 Act (15 U.S.C. 636(a)) that was rejected based on the
 18 loan amount requested before considering any other appli-
 19 cation if the applicant is otherwise eligible for financial
 20 assistance under that section.

21 (b) **EXPORT WORKING CAPITAL.**—Any small busi-
 22 ness that received financing under section 7(a)(14) of the
 23 Small Business Act (15 U.S.C. 636(a)(14)) before Janu-
 24 ary 1, 2004, and requests a renewal of such financing,
 25 shall have their request approved regardless of the size

1 of such financing (subject to the limitations in section
2 7(a)(3) of such Act) if the small business is otherwise eli-
3 gible for such financing under that section.

4 (c) MAXIMUM LOAN AMOUNT.—Ten days after the
5 date of enactment of this Act, the Small Business Admin-
6 istration shall allow loans under section 7 of the Small
7 Business Act (15 U.S.C. 636) up to the maximum amount
8 permitted under the Small Business Act.

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