

Many entrepreneurs lack the experience as business owners, which is needed to demonstrate their creditworthiness to conventional lenders. We have heard time and again the heart-wrenching stories from entrepreneurs about the challenges they face, not just securing capital, but also operating their businesses.

While the SBA has numerous programs designed to meet each of these challenges, the microloan program is unique in that it provides entrepreneurs with both the affordable capital needed to start up and the technical assistance needed to boost their ability to succeed and repay.

This program is a key resource for startup, newly established, and growing small businesses. It has provided millions of dollars in financing and technical assistance to small businesses and entrepreneurs since its inception.

By providing loans to nonprofit intermediaries, which in turn lend funds to the smallest of small businesses, the program helps borrowers streamline their operations, grow to profitability, and create new jobs.

The microloan program was a critical piece of the puzzle to grow the Nation's entrepreneurs before the pandemic. It is now more important than ever to strengthen and modernize the program as we face a sustained economic recession in the middle of a global pandemic.

Earlier this Congress, the Subcommittee on Economic Growth, Tax and Capital Access, under the leadership of Mr. ANDY KIM, held a hearing on the microloan program where we heard from a panel of intermediaries who reported that some of the program's rules, largely unchanged since 1991, are outdated and restricting them from meeting today's demand for startup financing and providing more technical assistance.

In response, Mr. KIM worked hard with Mr. BURCHETT to craft the Microloan Improvement Act of 2020, a series of reasonable proposals designed to update the program's rules and ultimately help microloan intermediaries extend more affordable capital to first-time entrepreneurs.

Just a few of the central changes in the bill include eliminating an outdated and onerous rule that has restricted the ability of high-volume intermediaries to meet demand in their respective States, lowering interest rates for eligible intermediaries, and extending repayment terms in a tiered manner to provide greater flexibility to businesses.

These changes are long overdue, and I am pleased that we are taking a vote on them today.

Finally, I want to thank Mr. KIM and Mr. BURCHETT for their hard work and applaud their efforts to make bipartisan improvements to this valuable program.

I recommend a "yes" to all my colleagues in the House, and I reserve the balance of my time.

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

Mr. Speaker, in order to assist small-dollar borrowers, the SBA offers the microloan program, where small businesses can receive loans of up to \$50,000 or less from nonprofit intermediaries.

Beyond the financing support, the microloan program also requires these nonprofit intermediaries to deliver technical assistance and counseling to small business borrowers.

This two-pronged approach has proven again and again to provide lower-dollar borrowers a leg up in starting or sustaining their small businesses. The program registered record highs in fiscal year 2019, with over 5,500 loans approved for over \$80 million.

I want to thank the gentleman from New Jersey (Mr. KIM) and the gentleman from Tennessee (Mr. BURCHETT) for working in a bipartisan manner to introduce H.R. 6079, the Microloan Improvement Act of 2020.

This bill builds on the strengths of the program by introducing flexibility and more features for small-dollar borrowers to utilize as they move through the microloan lending process.

H.R. 6079 gives microloan intermediaries the ability to offer lines of credit within the microloan program and increases the outstanding limit each microloan intermediary may carry from \$6 million to \$7 million.

Additionally, H.R. 6079 replaces the outdated and burdensome one-fifty-fifth rule that prevents microloan intermediaries from accessing the program in the first two fiscal quarters of each year with a reserve fund that ensures both large and small States have the ability to utilize the program.

Finally, H.R. 6079 introduces a flexible grant process that has the potential to reward extra assistance to each microloan intermediary if overflow exists.

I fully support this commonsense legislation, and I urge my colleagues to vote "yes."

Mr. Speaker, I reserve the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I have no further speakers, and I reserve the balance of my time.

Mr. CHABOT. Mr. Speaker, I have no speakers, and I yield myself the balance of my time for the purpose of closing.

Mr. Speaker, I urge my colleagues to support this bipartisan legislation. Microloans offered by the SBA serve our Nation's smallest of small businesses.

The increased flexibility this legislation permits will allow lenders and borrowers to fully utilize the benefits of this program to the maximum extent possible.

It is a good bill, and I would urge my colleagues to support it.

Mr. Speaker, I yield back the balance of my time.

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Ms. VELÁZQUEZ. Mr. Speaker, in its nearly 30 years, the SBA microloan

program has enjoyed a track record of success in delivering affordable startup capital, particularly for women and minority-owned entrepreneurs. The SBA microloan program has helped to launch many successful businesses.

As the chair of the Small Business Committee, I have had the privilege to hear about countless success stories, and I have fought tirelessly over the years to ensure all American entrepreneurs have access to the SBA resources they need to launch and grow their businesses.

In my time on this committee, I have been proud to watch the microloan program grow from a small pilot program to a robust lending program with strong stakeholder and congressional support. In many ways, the growth and success of the program mirror that of the many small businesses that got their start with an SBA microloan.

Despite this success, and like any other Federal program, it must be periodically reviewed and modernized. This bill does just that and ensures the microloan program will remain flexible for intermediaries and borrowers, helping to ease access to the program for even more aspiring entrepreneurs.

I want to applaud the work by the gentleman from New Jersey and the gentleman from Tennessee for their bipartisan work on the microloan program.

Mr. Speaker, I encourage all 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 New York (Ms. VELÁZQUEZ) that the House suspend the rules and pass the bill, H.R. 6079.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

#### NORTHERN MARIANA ISLANDS SMALL BUSINESS DEVELOPMENT ACT

Ms. VELÁZQUEZ. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 6021) to amend the Small Business Act to ensure that the Commonwealth of the Northern Mariana Islands is eligible for certain Small Business Administration programs, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 6021

*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 "Northern Mariana Islands Small Business Development Act".

#### SEC. 2. ELIGIBILITY OF THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS FOR CERTAIN SMALL BUSINESS ADMINISTRATION PROGRAMS.

The Small Business Act is amended—  
(1) in section 21(a) (15 U.S.C. 648(a))—

(A) in paragraph (1), by inserting before "The Administration shall require" the following new sentence: "The previous sentence shall not apply to an applicant that has its principal office located in the Commonwealth of the Northern Mariana Islands."; and

(B) in paragraph (4)(C)(ix), by striking "and American Samoa" and inserting "American Samoa, and the Commonwealth of the Northern Mariana Islands"; and

(2) in section 34(a)(9) (15 U.S.C. 657d(a)(9)), by striking "and American Samoa" and inserting "American Samoa, and the Commonwealth of the Northern Mariana Islands".

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from New York (Ms. VELÁZQUEZ) and the gentleman from Ohio (Mr. CHABOT) each will control 20 minutes.

The Chair recognizes the gentlewoman from New York.

GENERAL LEAVE

Ms. VELÁZQUEZ. Mr. 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 New York?

There was no objection.

Ms. VELÁZQUEZ. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today in support of H.R. 6021, the Northern Mariana Islands Small Business Development Act.

There are 1,700 small businesses with 18,000 employees in the Commonwealth of the Northern Mariana Islands, yet these businesses are the only ones in the United States that are ineligible for the SBA's Small Business Development Center, or SBDC, and Federal and State Technology, or FAST, partnership programs.

The SBDC program provides free or low-cost counseling and training services to thousands of entrepreneurs and small business owners each year, and the FAST partnership program provides funding to increase the number of Small Business Innovation Research and Small Business Technical Transfer applications and better prepare applicants for success.

The Commonwealth of the Northern Mariana Islands, which rely heavily on tourism, has not been immune from the economic devastation resulting from COVID-19. Moreover, it has been trying to rebuild from two catastrophic typhoons that wreaked havoc on the country in October 2018.

By extending SBA's SBDC and FAST programs to the Commonwealth of the Northern Mariana Islands, Congress will extend valuable opportunities for small business owners and aspiring entrepreneurs to receive support from qualified counselors on how to launch and grow their small businesses as well as recover from the economic catastrophes.

In March, H.R. 6021 was unanimously approved by the House Small Business Committee, and I commend the spon-

sors of the legislation, Mr. SABLAN and Mrs. RADEWAGEN, for raising this inequity to the committee.

The dedication they have shown to creating greater parity to the entrepreneurs in all territories shows exactly how small business issues are neither Democratic nor Republican issues; they are American issues.

Mr. Speaker, I urge all my colleagues to join me in supporting the small business owners and entrepreneurs of the Commonwealth of the Northern Mariana Islands by voting in favor of H.R. 6021.

Mr. Speaker, I reserve the balance of my time.

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

Mr. Speaker, this extends a matter of simple fairness to American citizens.

Currently, the Northern Mariana Islands, part of the United States since 1975, is the only U.S. jurisdiction not included for eligibility in certain SBA programs.

According to the SBA, there are more than 1,700 small businesses in the Commonwealth that employ more than 18,000 people. These businesses, these owners, these employees, and these families are no different than those in my hometown of Cincinnati or those in the chairwoman's district in Brooklyn.

This bill amends the Small Business Act to allow the Commonwealth of the Northern Mariana Islands to establish a lead Small Business Development Center, or SBDC, and to be eligible for the same funding as the other lead SBDCs across our Nation.

Additionally, H.R. 6021 waives the requirement that the new SBDC be established at a higher education institution because the Commonwealth of the Northern Mariana Islands does not have a college or university to operate an SBDC on campus.

The Northern Mariana Islands' 55,000 inhabitants deserve the same access to SBA programs as any other American citizen, and this bill ensures that they do. It is a very simple, bipartisan, and just piece of legislation. I urge my colleagues to support it, and I reserve the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I reserve the balance of my time.

Mr. CHABOT. Mr. Speaker, I yield myself such time as I may consume. We have no further speakers on our side, so I am prepared to close.

I would like to thank gentleman from the Northern Mariana Islands (Mr. SABLAN) and the gentlewoman from American Samoa (Mrs. RADEWAGEN) for their leadership on this issue.

The legislation is long overdue, and I am happy to support the bill. I urge my colleagues to support the bill as well, and I yield back the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I just urge support of this bill. It corrects an inequity, and I

am so proud that, under my leadership and the ranking member, we are providing access to all the programs under the Small Business Administration for the small businesses in the Northern Mariana Islands.

Mr. Speaker, I yield back the balance of my time.

Mr. SABLAN. Mr. Speaker, my legislation, H.R. 6021, ensures the 1,700 small businesses in my district can receive assistance through grants from the Small Business Development Center (SBDC) program and through FAST, the Federal and State Technology program.

The Northern Mariana Islands is the only place in the U.S. not included in these Small Business Administration (SBA) programs, which help small businesses access the knowledge and capital needed to grow and compete successfully for federal contracting opportunities.

H.R. 6021, the Northern Mariana Islands Small Business Development Act, would correct that by ensuring Marianas businesses access to these SBA programs on the same basis as their counterparts across the nation. The Small Business Committee unanimously reported the bill favorably in March.

Under my legislation, the Marianas can apply to establish a Lead SBDC, which would make available renewable funding to expand the reach and capacity of the existing SBDC service center on Saipan. With additional funding, small businesses on Saipan, Tinian and Rota will have better access to free or low-cost services such as incubator workspaces for entrepreneurs, business planning, operations, and other areas required for small business growth and success.

H.R. 6021 would also help our small businesses participate in federal research and development opportunities. The legislation does this by including the Marianas in the SSA's FAST program which funds outreach and assistance to small businesses interested in competing for the Small Business Innovation Research and Small Business Technology Transfer programs.

I want to also express my support for H.R. 6079, the Microloan Improvement Act, being considered by the House. The Act includes a provision from my bill, H.R. 2603, which provides Marianas small businesses owners access to the SBA's Microloan program. SBA microloans provide up to \$50,000 typically not offered by banks for working capital or the acquisition of materials, supplies, or equipment. The program also provides marketing, management, and technical assistance to assist the women, low-income, veteran entrepreneurs in my district.

I ask my colleagues to support H.R. 6021 and H.R. 6079, so we can be sure that all small businesses in our country can fully benefit from the SBA's programs, regardless of where in our nation they happen to operate.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from New York (Ms. VELÁZQUEZ) that the House suspend the rules and pass the bill, H.R. 6021.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

**MICROLOAN TRANSPARENCY AND ACCOUNTABILITY ACT OF 2020**

Ms. VELÁZQUEZ. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 6078) to amend the Small Business Act to increase transparency and to enhance the use of microloans in rural areas, and for other purposes, as amended.

The Clerk read the title of the bill.  
The text of the bill is as follows:

H.R. 6078

*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 2020”.

**SEC. 2. ASSISTANCE FOR INTERMEDIARIES SERVING RURAL AREAS.**

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

(1) by amending paragraph (4)(C)(i) to read as follows:

“(i) Each intermediate shall be eligible to receive a grant equal to 5 percent of the total outstanding balance of loans made to the intermediary under this subsection, in addition to grants made under subparagraph (A), if the intermediary has either—

“(I) a portfolio of loans made under this subsection that averages not more than \$10,000 during the period of the intermediary’s participation in the program;

“(II) a portfolio of loans made under this subsection of which not less than 25 percent are made to small business concerns located in or owned by one or more residents of an economically distressed area; or

“(III) a portfolio of loans made under this subsection of which not less than 25 percent is serving rural areas during the period of the intermediary’s participation in the program.”; and

(2) in paragraph (11)—

(A) in subparagraph (C)(ii), by striking all after the semicolon and inserting “and”; and  
(B) by striking all after subparagraph (C), and inserting the following:

“(D) the term ‘economically distressed area’, as used in paragraph (4), means a county or equivalent division of local government of a State in which the small business concern is located, in which, according to the most recent data available from the Bureau of the Census, Department of Commerce, not less than 40 percent of residents have an annual income that is at or below the poverty level.”.

**SEC. 3. 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, 2021, 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”;

(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 New York (Ms. VELÁZQUEZ) and the gentleman from Ohio (Mr. CHABOT) each will control 20 minutes.

The Chair recognizes the gentlewoman from New York.

**GENERAL LEAVE**

Ms. VELÁZQUEZ. Mr. 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 New York?

There was no objection.

Ms. VELÁZQUEZ. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the bill before us today, H.R. 6078, the Microloan Transparency and Accountability Act, which makes it easier for rural-serving microloan intermediaries to provide technical and management assistance to entrepreneurs.

One of the key components of the microloan program, and what I believe

makes it so successful, is that intermediaries offer technology, management, and marketing assistance to business owners in conjunction with affordable financing. However, when our Committee held hearings on the program, we heard about the challenges that intermediaries in rural areas face in providing technical assistance.

These nonprofit, mission-based lenders must sometimes drive 2 or 3 hours, or even more, to a borrower’s place of business to conduct training. These expenses all come out of the intermediary’s bottom line.

The measure Mr. BURCHETT and Mr. KIM have put forward to make intermediaries with at least 25 percent of their loans in a rural area eligible for a bonus technical assistance grant is a necessary one that I support and would encourage all of my colleagues to support.

Mr. Speaker, I applaud our bipartisanship and, more importantly, our commitment to America’s small businesses. I urge all of my colleagues to vote “yes,” and I reserve the balance of my time.

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

Mr. Speaker, I want to again thank the chair, Ms. VELÁZQUEZ, for working in a bipartisan manner on all four of these bills, and that is why both Republicans and Democrats support all four, because we really are working together, and that is good for the country.

Mr. Speaker, to enhance the dissemination of microloans in rural areas and to increase transparency, this bill, H.R. 6078, the Microloan Transparency and Accountability Act of 2020, was introduced by the gentleman from Tennessee (Mr. BURCHETT) and the gentleman from New Jersey (Mr. KIM).

In order to meet the needs of low-dollar borrowers, the SBA offers the microloan program. As with all the SBA financial assistance program, the SBA does not make a microloan directly to a small business. Rather, it makes direct loans to a nonprofit, called a microloan intermediary. The intermediary, in turn, makes loans of up to \$50,000 to borrowers and is required to provide technical assistance to its borrowers through a technical assistance grant.

The average loan within the microloan program is approximately \$14,500, and the program has grown from approving over 3,500 loans for a total of \$52 million in fiscal year 2015 to approving over 5,000 loans—5,532, to be exact—for over \$81 million in fiscal year 2019.

H.R. 6078, the Microloan Transparency Act of 2020, increases transparency for the growing microloan program and enhances microloan options for rural areas. Specifically, H.R. 6078 requires the SBA to perform an annual portfolio risk analysis to examine defaults and charge-off rates to ensure taxpayer money is safeguarded.