

119TH CONGRESS
1ST SESSION

S. 397

To amend the Small Business Act to increase the minimum disaster loan amount for which the Small Business Administration may require collateral, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 4, 2025

Mr. KENNEDY (for himself, Mr. BOOKER, and Ms. HIRONO) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

A BILL

To amend the Small Business Act to increase the minimum disaster loan amount for which the Small Business Administration may require collateral, 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 Dis-
5 aster Damage Fairness Act of 2025”.

1 **SEC. 2. COLLATERAL REQUIREMENTS FOR DISASTER**
2 **LOANS.**

3 Section 7(d)(6) of the Small Business Act (15 U.S.C.
4 636(d)(6)) is amended, in the second sentence, in the third
5 proviso—

6 (1) by striking “\$14,000” and inserting
7 “\$50,000”; and

8 (2) by striking “major disaster” and inserting
9 “disaster”.

10 **SEC. 3. GAO REPORT ON DEFAULT RATES.**

11 Not later than 3 years after the date of enactment
12 of this Act, the Comptroller General of the United States
13 shall submit to the Committee on Small Business and En-
14 trepreneurship of the Senate and the Committee on Small
15 Business of the House of Representatives a report on the
16 performance, including the default rate, of loans made
17 under section 7(b)(1) of the Small Business Act (15
18 U.S.C. 636(b)(1)), and the impact of the amendments to
19 collateral amounts made under section 2 of this Act on
20 the performance of those loans, during the period—

21 (1) beginning on September 30, 2020; and

22 (2) ending on the date on that is 2 years after
23 the date of enactment of this Act.

1 **SEC. 4. DISTINGUISHING BETWEEN RURAL AND URBAN**
2 **COMMUNITIES IN MARKETING AND OUT-**
3 **REACH.**

4 (a) DEFINITIONS.—In this section:

5 (1) ADMINISTRATION.—The term “Administra-
6 tion” means the Small Business Administration.

7 (2) ADMINISTRATOR.—The term “Adminis-
8 trator” means the Administrator of the Administra-
9 tion.

10 (3) ASSOCIATE ADMINISTRATOR.—The term
11 “Associate Administrator” means the Associate Ad-
12 ministrator of the Office of Disaster Recovery and
13 Resilience of the Administration.

14 (4) COVERED PROGRAM.—The term “covered
15 program” means the disaster loan program author-
16 ized by section 7(b) of the Small Business Act (15
17 U.S.C. 636(b)).

18 (b) REQUIREMENT.—Beginning on the date of enact-
19 ment of this Act, consistent with the recommendations of
20 the Government Accountability Office in the report enti-
21 tled “Small Business Administration: Targeted Outreach
22 about Disaster Assistance Could Benefit Rural Commu-
23 nities” (GAO–24–106755) (February 22, 2024), the Ad-
24 ministrator shall ensure that the Associate Adminis-
25 trator—

1 (1) distinguishes between rural and urban com-
2 munities in the outreach and marketing plan of the
3 Administration with respect to the covered program;
4 and

5 (2) incorporates actions to mitigate challenges
6 encountered by rural communities in accessing loans
7 under the covered program.

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