

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4173

To amend the Small Business Act to provide for expanded participation  
in the microloan demonstration program.

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IN THE HOUSE OF REPRESENTATIVES

APRIL 12, 1994

Mr. MACHTLEY introduced the following bill; which was referred to the  
Committee on Small Business

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## A BILL

To amend the Small Business Act to provide for expanded  
participation in the microloan demonstration program.

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. LOAN GUARANTEES.**

4 (a) IN GENERAL.—Section 7(m)(3) of the Small  
5 Business Act (15 U.S.C. 636(m)(3)) is amended by add-  
6 ing at the end the following:

7 “(I) LOAN GUARANTEES.—The Adminis-  
8 tration may make loans to intermediaries under  
9 this subsection either directly or in cooperation  
10 with banks or other financial institutions

1 through agreements to participate on an imme-  
2 diate or deferred (guaranteed) basis. Participa-  
3 tion in deferred participation loans under this  
4 subsection shall be subject to the terms and  
5 conditions applicable to participation in such  
6 loans under subsection (a); except that for any  
7 loan under this subsection such participation  
8 shall be equal to 100 percent of the balance of  
9 the financing outstanding at the time of dis-  
10 bursement.”.

11 (b) CONFORMING AMENDMENTS.—Section 7(m) of  
12 such Act (15 U.S.C. 636(m)) is amended—

13 (1) in paragraph (1)(B)(i) by striking “direct”;  
14 and

15 (2) in paragraph (3)(H) by striking “subpara-  
16 graphs (B) and (D)” and inserting “subparagraphs  
17 (B), (D), and (I)”.

18 **SEC. 2. STATE FUNDING LIMITATIONS.**

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

21 (1) by striking clause (i);

22 (2) by redesignating clauses (ii) and (iii) as  
23 clauses (i) and (ii), respectively; and

1           (3) in clause (i), as so redesignated, by striking  
2           “such programs” and inserting “microloan pro-  
3           grams”.

4 **SEC. 3. MICROLOAN INTERMEDIARIES.**

5           Section 7(m) of the Small Business Act (15 U.S.C.  
6 636(m)) is amended—

7           (1) in paragraph (11)(A)(iv) by inserting “, ex-  
8           cept as provided by paragraph (12),” after “other  
9           than”; and

10          (2) by adding at the end the following:

11           “(12) MUNICIPAL AGENCIES AND INSTRUMEN-  
12           TALITIES.—An agency or instrumentality of a mu-  
13           nicipal government shall be considered to be a quasi-  
14           governmental economic development entity under  
15           paragraph (11)(A)(iv) if the agency or instrumentality—  
16           ity—

17                   “(A) has a governing body with a majority  
18                   of its members from the private sector; and

19                   “(B) is not under the direct administrative  
20                   control of the municipal government.

21           For the purposes of this paragraph, the use of pub-  
22           lic employees by an agency or instrumentality of a  
23           municipal government shall not be considered to  
24           constitute direct administrative control by the mu-  
25           nicipal government and shall not otherwise affect the

- 1 eligibility of the agency or instrumentality as a
- 2 quasi-governmental economic development entity.”.

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