

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 1274

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IN THE HOUSE OF REPRESENTATIVES

AUGUST 2, 1993

Referred to the Committee on Small Business

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## AN ACT

To reduce the subsidy cost for the Guaranteed Business Loan Program of the Small Business Administration, 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; TABLE OF CONTENTS.**

4        (a) SHORT TITLE.—This Act may be cited as the  
5        “Small Business Guaranteed Credit Enhancement Act of  
6        1993”.

1 (b) TABLE OF CONTENTS.—The table of contents for  
 2 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. General authorizations for fiscal years 1993 and 1994.
- Sec. 3. Extension of State limitation on interest rates.
- Sec. 4. Guaranteed business loan program amendments.
- Sec. 5. Interest rate for Preferred Lenders Program.
- Sec. 6. Microloan program amendments.
- Sec. 7. Small Business Development Center Program.
- Sec. 8. Regulations.
- Sec. 9. White House Conference on Small Business.
- Sec. 10. National Women’s Business Council.

3 **SEC. 2. GENERAL AUTHORIZATIONS FOR FISCAL YEARS**  
 4 **1993 AND 1994.**

5 (a) FINANCINGS FOR FISCAL YEAR 1993.—Section  
 6 20(g)(2) of the Small Business Act (15 U.S.C. 631 note)  
 7 is amended—

8 (1) by striking “\$7,030,000,000” and inserting  
 9 “\$8,455,000,000”;

10 (2) in subparagraph (A), by striking  
 11 “\$6,200,000,000” and inserting “\$7,500,000,000”;  
 12 and

13 (3) in subparagraph (C), by striking  
 14 “\$775,000,000” and inserting “\$900,000,000”.

15 (b) FINANCINGS FOR FISCAL YEAR 1994.—Section  
 16 20(i)(2) of the Small Business Act (15 U.S.C. 631 note)  
 17 is amended—

18 (1) by striking “\$8,083,000,000” and inserting  
 19 “\$9,258,000,000”;

1           (2) in subparagraph (A), by striking  
2           “\$7,200,000,000” and inserting “\$8,000,000,000”;  
3           and

4           (3) in subparagraph (C), by striking  
5           “\$825,000,000” and inserting “\$1,200,000,000”.

6           (c) REDESIGNATIONS.—Section 20 of the Small Busi-  
7           ness Act (15 U.S.C. 631 note) is amended—

8           (1) in subsection (l), as added by section 405(3)  
9           of the Small Business Credit and Business Oppor-  
10          tunity Enhancement Act of 1992—

11           (A) by striking “(l) There” and inserting  
12           “(2) There”, and indenting appropriately; and

13           (B) by striking “subsection (k)” and in-  
14           serting “paragraph (1)”;

15           (2) by redesignating subsection (k), as added by  
16           section 405(3) of the Small Business Credit and  
17           Business Opportunity Enhancement Act of 1992, as  
18           subsection (l);

19           (3) in subsection (n)—

20           (A) by striking “(n) There” and inserting  
21           “(2) There”, and indenting appropriately; and

22           (B) by striking “subsection (m)” and in-  
23           serting “paragraph (1)”;

24           (4) by redesignating subsection (o) as sub-  
25           section (n); and

1 (5) in subsection (p)—

2 (A) by striking “(p) There” and inserting  
3 “(2) There”, and indenting appropriately; and

4 (B) by striking “subsection (o)” and in-  
5 serting “paragraph (1)”.

6 **SEC. 3. EXTENSION OF STATE LIMITATION ON INTEREST**  
7 **RATES.**

8 Section 112(c) of the Small Business Administration  
9 Reauthorization and Amendments Act of 1988 (Public  
10 Law 100–590; 102 Stat. 2996) is amended—

11 (1) by striking paragraph (2); and

12 (2) by striking “(1) IN GENERAL.—”.

13 **SEC. 4. GUARANTEED BUSINESS LOAN PROGRAM AMEND-**  
14 **MENTS.**

15 (a) **ADDITIONAL GUARANTEE FEES.—**

16 (1) **IN GENERAL.—**Section 7(a)(18) of the  
17 Small Business Act (15 U.S.C. 636(a)(18)) is  
18 amended—

19 (A) by inserting “(A)” after “(18)”; and

20 (B) by adding at the end the following new  
21 subparagraph:

22 “(B) In addition to fees collected under sub-  
23 paragraph (A), the Administration shall collect an  
24 excess premium fee from the participating lending  
25 institution in any case in which the sale price of the

1 guaranteed portion of a loan made under this sec-  
2 tion and sold on the secondary market exceeds 110  
3 percent of the face value of the guaranteed portion  
4 of the loan. Such fee shall be equal to 50 percent of  
5 that portion of the sale price that is in excess of 110  
6 percent of the face value of the guaranteed portion  
7 of the loan. Such fee may not be charged to the bor-  
8 rower.”.

9 (2) SUNSET.—The amendments made by para-  
10 graph (1) shall remain in effect until September 30,  
11 1996.

12 (b) GUARANTEE PERCENTAGES.—

13 (1) IN GENERAL.—Subparagraph (B) of section  
14 7(a)(2) of the Small Business Act (15 U.S.C.  
15 636(a)(2)) is amended to read as follows:

16 “(B) subject to the limitation in paragraph  
17 (3)—

18 “(i) not less than 70 percent nor more  
19 than 85 percent of the financing outstanding at  
20 the time of disbursement, if such financing is  
21 more than \$155,000 and the period of maturity  
22 of such financing is less than 10 years, except  
23 that the participation by the Administration  
24 may be reduced below 70 percent upon request  
25 of the participating lender;

1           “(ii) not less than 70 percent nor more  
2 than 75 percent of the financing outstanding at  
3 the time of disbursement, if such financing is  
4 more than \$155,000 and the period of maturity  
5 of such financing is not less than 10 years, ex-  
6 cept that the participation by the Administra-  
7 tion may be reduced below 70 percent upon re-  
8 quest of the participating lender; and

9           “(iii) not less than 85 percent of the fi-  
10 nancing outstanding at the time of disburse-  
11 ment, if such financing is a loan under para-  
12 graph (16).”.

13           (2) ADDITIONAL AMENDMENTS.—Section  
14 7(a)(2) of the Small Business Act (15 U.S.C.  
15 636(a)(2)) is amended—

16           (A) in the second sentence, by striking  
17 “guaranteed to less than 85 percent” and in-  
18 serting “guaranteed to less than the specified  
19 percentages”; and

20           (B) in the third sentence, by striking “80  
21 percent” and inserting “75 percent”.

22           (c) ANNUAL GUARANTEE FEE; PENALTY.—Section  
23 7(a) of the Small Business Act (15 U.S.C. 636(a)) is  
24 amended by adding at the end the following new para-  
25 graph:

1           “(22)(A) For loans guaranteed under this sub-  
2           section, the Administrator is authorized to collect,  
3           either directly or through a fiscal and transfer  
4           agent, an annual fee on each loan that is equal to  
5            $\frac{1}{4}$  of 1 percent of the declining principal balance of  
6           the loan.

7           “(B) The Administrator is authorized to impose  
8           and collect, either directly or through a fiscal and  
9           transfer agent, a reasonable penalty fee on late pay-  
10          ments of the fee authorized under subparagraph  
11          (A).”.

12 **SEC. 5. INTEREST RATE FOR PREFERRED LENDERS PRO-**  
13 **GRAM.**

14          Section 7(a)(2) of the Small Business Act (15 U.S.C.  
15 7(a)(2)) is amended by inserting after the third sentence,  
16 the following: “The maximum interest rate for a loan  
17 under the Preferred Lenders Program shall not exceed the  
18 maximum interest rate applicable to other loan guarantee  
19 programs under section 7(a), as established by the Admin-  
20 istrator.”.

21 **SEC. 6. MICROLOAN PROGRAM AMENDMENTS.**

22          Section 7(m) of the Small Business Act (15 U.S.C.  
23 636(m)) is amended—

24           (1) in paragraph (1)(B)(iii), by striking  
25           “\$15,000” and inserting “\$25,000”;

1 (2) in paragraph (4)(C)(ii), by inserting “to de-  
2 fray costs associated with loan fund administration  
3 and” before “to provide”;

4 (3) in paragraph (5)(A), by striking “6 grants”  
5 and inserting “12 grants”;

6 (4) by amending paragraph (9)(A) to read as  
7 follows:

8 “(A) IN GENERAL.—The Administration  
9 may provide, directly or through an organiza-  
10 tion described in subparagraph (B), technical  
11 assistance for participants and potential partici-  
12 pants in the Microloan Demonstration Program  
13 to give such participants and potential partici-  
14 pants such knowledge, skills, and understanding  
15 of microlending practices necessary to operate  
16 successful microloan programs.”; and

17 (5) in paragraph (9)(B)—

18 (A) by striking “3 percent” and inserting  
19 “7 percent”; and

20 (B) by inserting “and nonprofit organiza-  
21 tions that have demonstrated experience in pro-  
22 viding training support for microenterprise de-  
23 velopment and financing” after “microlending  
24 organizations”.

1 **SEC. 7. SMALL BUSINESS DEVELOPMENT CENTER PRO-**  
2 **GRAM.**

3 Section 223(b) of the Small Business Credit and  
4 Business Opportunity Enhancement Act of 1992 (15  
5 U.S.C. 631 note) is amended by striking “Such proposed  
6 regulations shall not be published in the Federal Reg-  
7 ister.”.

8 **SEC. 8. REGULATIONS.**

9 Not later than 60 days after the date of enactment  
10 of this Act, the Administrator of the Small Business Ad-  
11 ministration shall promulgate interim final regulations to  
12 implement the amendments made by this Act.

13 **SEC. 9. WHITE HOUSE CONFERENCE ON SMALL BUSINESS.**

14 (a) DATES OF CONFERENCES.—Section 2 of the  
15 White House Conference on Small Business Authorization  
16 Act (15 U.S.C. 631 note) is amended—

17 (1) by striking “January 1, 1994” and insert-  
18 ing “May 1, 1995”;

19 (2) by striking “April 1, 1994” and inserting  
20 “December 31, 1995”; and

21 (3) by striking “December 1, 1992” and insert-  
22 ing “March 1, 1994”.

23 (b) APPOINTMENT OF COMMISSIONERS.—Section  
24 5(a) of the White House Conference on Small Business  
25 Authorization Act (15 U.S.C. 631 note) is amended by  
26 striking “The President” and inserting “Not later than

1 30 days after the date of enactment of the Small Business  
2 Guaranteed Credit Enhancement Act of 1993, the Presi-  
3 dent”.

4 **SEC. 10. NATIONAL WOMEN’S BUSINESS COUNCIL.**

5 (a) MEMBERSHIP.—

6 (1) NEW MEMBERS.—Section 403 of the Wom-  
7 en’s Business Ownership Act of 1988 (15 U.S.C.  
8 631 note) is amended in subsection (a)—

9 (A) by striking “nine” and inserting  
10 “eleven”;

11 (B) in paragraph (1), by inserting “, the  
12 Secretary of Labor (or such Secretary’s dep-  
13 uty),” after “(or such Secretary’s deputy)”;

14 (C) in paragraph (2), by striking “and” at  
15 the end;

16 (D) in paragraph (3), by striking the pe-  
17 riod at the end and inserting “; and”; and

18 (E) by adding at the end the following new  
19 paragraph:

20 “(4) one member shall be appointed by the  
21 President.”.

22 (2) APPOINTMENT DATE.—The first appoint-  
23 ment required under section 403(a)(4) of the Wom-  
24 en’s Business Ownership Act of 1988 (as added by

1 paragraph (1)(E)) shall be made not later than 90  
2 days after the date of enactment of this Act.

3 (3) TERMS OF CURRENT MEMBERS.—Any mem-  
4 ber appointed under paragraph (2) or (3) of section  
5 403(a) of the Women’s Business Ownership Act of  
6 1988 (15 U.S.C. 631 note) and serving prior to the  
7 date of enactment of this Act shall continue to serve  
8 until the expiration of the term for which the mem-  
9 ber was appointed.

10 (4) CONFORMING AMENDMENTS.—Section  
11 403(b) of the Women’s Business Ownership Act of  
12 1988 (15 U.S.C. 631 note) is amended—

13 (A) in paragraph (1), by striking “section  
14 (a)(2) and (3)” and inserting “paragraphs (2),  
15 (3), and (4) of subsection (a)”;

16 (B) in paragraph (2)(C), by striking “sub-  
17 section (a)(2) and (3)” and inserting “para-  
18 graphs (2), (3), and (4) of subsection (a)”;

19 (C) in paragraph (2)(F)—

20 (i) by striking “(1) Two” and insert-  
21 ing “(i) Three”; and

22 (ii) by striking “(2) A majority” and  
23 inserting “(ii) A majority”.

24 (5) DELETION OF OBSOLETE REFERENCES.—  
25 Section 404 of the Women’s Business Ownership

1 Act of 1988 (15 U.S.C. 631 note) is amended by  
2 striking “rate of basic pay payable for GS-18 of the  
3 General Schedule” each place it appears and insert-  
4 ing “rate of pay payable for a position at level IV  
5 of the Executive Schedule under section 5315 of title  
6 5, United States Code”.

7 (b) AUTHORIZATION.—Section 407 of the Women’s  
8 Business Ownership Act of 1988 (15 U.S.C. 631 note) is  
9 amended to read as follows:

10 **“SEC. 407. AUTHORIZATION.**

11 “(a) IN GENERAL.—There are authorized to be ap-  
12 propriated to carry out this title—

13 “(1) \$500,000 for fiscal year 1994; and

14 “(2) \$500,000 for fiscal year 1995.

15 “(b) LIMITATION ON AUTHORITY.—New spending  
16 authority or authority to enter into contracts as author-  
17 ized in this Act shall be effective only to such extent and  
18 in such amounts as are provided in advance in appropria-  
19 tion Acts.

20 “(c) SUNSET.—This section shall cease to be effective  
21 on November 30, 1995.”.

Passed the Senate July 30 (legislative day, June  
30), 1993.

Attest:

WALTER J. STEWART

*Secretary.*