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THE COMMUNICATING LENDER ACTIVITY REPORTS FROM
THE SMALL BUSINESS ADMINISTRATION (CLEAR SBA)
ACT OF 2013

SEPTEMBER 10, 2013.—Ordered to be printed

Ms. LANDRIEU, from the Committee on Small Business and
Entrepreneurship, submitted the following

R E P O R T

[To accompany S. 537]

The Committee on Small Business and Entrepreneurship, having considered the bill (S. 537) to require the Small Business Administration to make information relating to lenders making covered loans publicly available, and for other purposes, reports favorably thereon, with amendments, and recommends that the bill, as amended, do pass.

I. INTRODUCTION

The CLEAR SBA Act (S. 537) was introduced by the Committee's Chair, Senator Mary L. Landrieu, on March 12, 2013.

The CLEAR SBA Act requires the Small Business Administration (SBA) to establish a searchable online database, known as a "Lender Activity Index," to provide consumers with more transparent, user-friendly data about local SBA lenders.

During the markup of the bill, the Risch-Landrieu amendment to the bill was approved unanimously by voice vote. The Risch-Landrieu amendment provides that the SBA may not increase the burden on lenders in order to comply with the bill. The amendment also asserts that it is the sense of Congress that no additional funding will be made available to carry out this program. The bill, as amended, was also approved unanimously by voice vote.

II. HISTORY (PURPOSE & NEED FOR LEGISLATION)

The Small Business Administration (SBA) administers several loan programs to support small businesses, including its flagship

7(a) and 504/Certified Development Company (504/CDC) loan guaranty programs. By guaranteeing a portion of each loan, the SBA encourages banks and other lenders to make loans to small businesses who otherwise may not qualify for traditional financing options.

In the past two fiscal years alone, SBA supported over \$30 billion in loans to approximately 60,000 small businesses each year through its 7(a) and 504/CDC loan guaranty programs. As of the end of Fiscal Year 2012, there were over 2,400 7(a) lenders and 273 Certified Development Companies nationwide. While the SBA currently releases some information publicly about SBA lending partners and activity, it is extremely difficult to find and comprehend for those who are not SBA lending professionals. If small business owners, local mayors, or governors want to determine SBA lending activity in their area, they lack the ability to do so easily.

Through conversations with the SBA, small businesses, and SBA lenders, the Committee conceived the idea of a “Lender Activity Index,” an online, searchable database established by the SBA on its website to provide consumers with more transparent, user-friendly data about their local SBA lenders. Potential borrowers will be able to see which banks in their area provide SBA loans, and with this information, approach those banks. The Committee believes that the Lender Activity Index is a common-sense proposal to increase transparency and accountability at the SBA, simplify the process of obtaining a loan, and ultimately put more capital in the hands of America’s small businesses.

Senator Landrieu included a provision providing for a Lender Activity Index in Senate Amendment 2521 (S. Amdt. 2521), which she filed to S. 2237, the Small Business Jobs and Tax Relief Act of 2012, on July 11, 2012. Division B of S. Amdt. 2521, entitled the Success Ultimately Comes from Capital, Contracting, Education, Strategic Partnerships, and Smart Regulations (SUCCESS) Act, included the language identical to the CLEAR SBA Act as a portion of Title II. Although it came up short of the 60 votes needed to end debate, the amendment received a strong 57 bipartisan votes, including five Republicans, when it received a vote on the Senate floor on July 12, 2012. Shortly thereafter, Chair Landrieu filed the SUCCESS Act as a standalone bill. On July 25, 2012, Chair Landrieu introduced S. 3442, the SUCCESS Act of 2012, with eight co-sponsors including Committee members Senator Cardin and Senator Shaheen, as well as Senators Blumenthal, Boxer, Gillibrand, Lieberman, Merkley, and Whitehouse.

Ultimately, however, none of the bills or amendments made it to the President’s desk during the 112th Congress.

III. HEARINGS & ROUNDTABLES

In the 112th Congress:

On November 29, 2012, the Committee held a hearing entitled, “Creating Jobs and Growing the Economy: Legislative Proposals to Strengthen the Entrepreneurial Ecosystem.” The purpose of the hearing was to discuss the legislative proposals included in the “Success Ultimately Comes from Capital, Contracting, Education, Strategic Partnerships, and Smart Regulation (SUCCESS) Act of 2012” (S. 3442), which was the result of recommendations gathered during a series of three Committee roundtables examining the en-

trepreneurial ecosystem during the 112th Congress. Among the provisions that the Committee examined during the hearing was Section 231, which provided for the Lender Activity Index and would later comprise the CLEAR SBA Act of 2013.

In the 113th Congress:

On March 14, 2013, the Committee held a roundtable entitled “Helping Small Businesses Weather Economic Challenges & Natural Disasters: Review of Legislative Proposals on Access to Capital and Disaster Recovery.” The purpose of the roundtable was to discuss four legislative proposals on small business access to capital and disaster recovery on which the Committee would focus during the beginning of the 113th Congress, including the CLEAR SBA Act. Participants included a wide range of small business owners, investors, and stakeholders, and SBA representatives, including the Associate Administrator for the SBA’s Office of Capital Access. The roundtable followed up on previous Committee roundtables and legislative hearings held during the 112th Congress and provided an opportunity for Committee members to highlight their relevant priorities ahead of an upcoming markup on access to capital and disaster recovery legislation.

IV. DESCRIPTION OF BILL

Section 2 of the bill requires the SBA to post a user friendly Lender Activity Index on the SBA website. Users will be able to access the following data for any given bank: name of bank or Certified Development Company (CDC), number of SBA loans each lender made, total dollar amount of SBA loans of each bank or CDC, zip code of lender activity (zip code of borrower), industries lent to (hospitality, manufacturing, service, software, etc.), stage of business cycle (new or existing business), and other business specific information (i.e. Women Owned Businesses, Minority Owned Businesses, or Veteran Owned Businesses). Data will be available for the year to date and users will be able to compare to 3 previous fiscal years. Both quarterly and annual data will be included.

The Risch-Landrieu amendment to the bill also stipulates that in creating the Lender Activity Index, the SBA cannot require additional paperwork from lenders or otherwise increase the burden on them in any way. Furthermore, the SBA is expected to use existing funds to create the database. Thus, the Lender Activity Index comes at no cost to taxpayers.

V. COMMITTEE VOTE

In compliance with rule XXVI (7)(b) of the Standing Rules of the Senate, the following vote was recorded on June 17, 2013.

A motion to adopt the Communicating Lender Activity Reports from the Small Business Administration Act, a bill to require the Small Business Administration to make information related to lenders making covered loans publicly available, as amended by the Risch-Landrieu amendment, was approved unanimously by voice vote with the following Senators present: Landrieu, Risch, Levin, Cantwell, Pryor, Cardin, Shaheen, Hagan, Heitkamp, Cowan, Rubio, Scott, Fischer, and Johnson (WI).

VI. COST ESTIMATE

In compliance with rule XXVI(11)(a)(1) of the Standing Rules of the Senate, the Committee estimates the cost of the legislation will be equal to the amounts discussed in the following letter from the Congressional Budget Office:

AUGUST 1, 2013.

Hon. MARY L. LANDRIEU,
Chair, Committee on Small Business and Entrepreneurship,
U.S. Senate, Washington, DC.

DEAR MADAM CHAIR: The Congressional Budget Office has prepared the enclosed cost estimate for S. 537, the Communicating Lending Activity Reports from the Small Business Administration Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Susan Willie.

Sincerely,

DOUGLAS W. ELMENDORF.

Enclosure.

S. 537—Communicating Lending Activity Reports from the Small Business Administration Act

S. 537 would require the Small Business Administration (SBA) to develop a database that tracks information about lenders that participate in the agency's loan guarantee programs and the loans they have made under those programs ("covered loans"). The database would contain information, such as the name of the lender, the number and total dollar amount of covered loans made by the lender, whether the loans are made for existing or new businesses, and the SBA program that provided the guarantee for the loans. The SBA would be required to collect this information for fiscal years 2009 through 2013 and to make it available on the agency's website.

Based on information from the SBA, CBO expects that lender data already collected by the agency would be sufficient to meet the bill's information collection requirements and that the cost to present that information on the agency's website would be insignificant. Therefore, CBO estimates that implementing S. 537 would not have a significant effect on spending subject to appropriation. Enacting S. 537 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

S. 537 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Susan Willie. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.

VII. EVALUATION OF REGULATORY IMPACT

In compliance with rule XXVI(11)(b) of the Standing Rules of the Senate, it is the opinion of the Committee that no significant additional regulatory impact will be incurred in carrying out the provisions of this legislation. There will be no additional impact on the

personal privacy of companies or individuals who utilize the services provided.

VIII. SECTION-BY-SECTION ANALYSIS

Section 1. Title

This section provides the title of the bill. This Act may be cited as the “Communicating Lender Activity Reports from the Small Business Administration Act” or the “CLEAR SBA Act.”

Section 2. SBA Lender Activity Index

This section requires the SBA to create a user-friendly database of information about SBA lenders on its website, known as the Lender Activity Index. The database will include the following information for any given lender: name of bank or Certified Development Company (CDC), number of SBA loans each lender made, total dollar amount of SBA loans of each bank or CDC, zip code of lender activity, industries lent to, stage of business cycle, and other business specific information. Data will be available for the year to date, and users will be able to compare to 3 previous fiscal years. Both quarterly and annual data will be included. The section, as amended, also specifies that no additional paperwork burdens may be put on lenders in order to comply with the Lender Activity Index provision and states that the SBA is expected to use existing funds to create the database.