

MAIN STREET PARITY ACT

DECEMBER 12, 2025.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. WILLIAMS of Texas, from the Committee on Small Business, submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany H.R. 5763]

The Committee on Small Business, to whom was referred the bill (H.R. 5763) to amend the Small Business Investment Act of 1958 to modify the criteria for loans for plant acquisition, construction, conversion or expansion, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

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I. PURPOSE AND BILL SUMMARY

On October 14, 2025, Chairman Williams, along with Representative Simon, introduced H.R. 5763, the *Main Street Parity Act*. H.R. 5763 removes an additional five percent equity requirement for limited or single purpose properties under the Small Business Administration’s (SBA) 504 loan program.

II. NEED FOR LEGISLATION

The SBA 504 loan program provides long-term, fixed-rate financing of up to \$5.5 million for acquiring fixed assets such as land, buildings, and heavy machinery. Under the 504 loan program, small business owners are typically required to contribute at least ten percent of the total project cost. However, for properties classified as “limited or single purpose,” such as dairy farms, bowling alleys, or nursing homes, an additional five percent of the total project cost is required for the project. This imposes an added financial burden on entrepreneurs because of the labeling of their property.

This additional percentage requirement was introduced nearly 30 years ago based on the assumption that limited or single-purpose properties pose a greater financial risk to the loan program—data from the past 15 years disputes that assumption. Charge-off rates for these special-purpose properties perform comparatively to, or better than, the overall 504 loan program.

Some industries, such as bowling alleys and hospitals, even have a zero percent charge-off rate, outperforming the 504 loan program average charge-off rate of 0.5 percent. The additional five percent equity requirement punishes small business owners with these limited or single purpose properties.

This bill brings parity to all industries in the 504 loan program by eliminating the additional five percent equity requirement for limited or single-purpose properties. H.R. 5763 will ensure that small business owners are treated equally and not penalized based on outdated assumptions.

III. HEARINGS

On September 16, 2025, the Committee on Small Business held a hearing examining matters related to H.R. 5763 entitled “Pathway to Capital: The Role of SBA Lending in Supporting Main Street America.”

IV. COMMITTEE CONSIDERATION

The Committee on Small Business met in open session, with a quorum being present, on November 18, 2025, and ordered H.R. 5763 to be reported favorably to the House of Representatives by a roll call vote of 27 ayes to 0 nos.

V. COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the recorded votes on the motion to report legislation and amendments thereto. The Committee voted to favorably report H.R. 5763 to the House of Representatives at 11:41 AM.

Present	Representatives	Aye	Nay
	Mr. Stauber (MN-08)	X	
	Mr. Meuser (PA-09)	X	
	Ms. Van Duyne (TX-24)	X	
	Mr. Elzey (TX-06)	X	
	Mr. Alford (MO-04)	X	
	Mr. LaLota (NY-01)	X	
	Mr. Finstad (MN-01)	X	
	Mr. Wied (WI-08)	X	
	Mr. Bresnahan (PA-08)	X	
	Mr. Jack (GA-03)	X	
	Mr. Downing (MT-02)	X	
	Ms. King-Hinds (Del.-CNMI)	X	
	Mr. Schmidt (KS-02)	X	
	Mr. Patronis (FL-01)	X	
	Ranking Member Velazquez (NY-07)	X	
	Mr. McGarvey (KY-03)	X	
	Ms. Scholten (MI-03)	X	
	Ms. McIver (NJ-10)	X	
	Mr. Cisneros (CA-31)	X	
	Ms. Morrison (MN-03)	X	
	Mr. Latimer (NY-16)	X	
	Mr. Tran (CA-45)	X	
	Ms. Simon (CA-12)	X	
	Mr. Olszewski (MD-02)	X	
	Mr. Conaway (NJ-03)	X	
	Ms. Goodlander (NH-02)	X	
	Chairman Williams (TX-25)	X	
	TOTALS	27	0

COMMITTEE ON SMALL BUSINESS119th Congress (*First Session*)

Date: 11/18/2025 _____

Time: 11:41 AM ET _____

Measure: H.R. 5763 – Main Street Parity Act

Offered By: _____

Amendment #: _____

Result?	<u>Agreed To:</u> [X]		
	<u>Not Agreed To:</u> []		
	<u>Withdrawn:</u> []		
<i>Voice Vote</i>	<i>Ayes</i> 27	<i>Nays</i> 0	<i>Present</i>

FC Vote #	4
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VI. SECTION-BY-SECTION OF H.R. 5763

Section 1—Short title

This Act may be cited as the “Main Street Parity Act.”

Section 2—Modification to criteria for loans for plant acquisition, construction, conversion or expansion

This section removes the statutory requirement that limited-purpose property builders must provide an additional five percent equity to obtain an SBA loan under the 504 loan program.

VII. CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Pursuant to 3(c)(3) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974. At the time this report was filed, the Committee has requested but not received a cost estimate from the Director of the Congressional Budget Office.

VIII. NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

Pursuant to clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a)(I) of the Congressional Budget Act of 1974, the Committee provides the following opinion and estimate with respect to new budget authority, entitlement authority, and tax expenditures. While the Committee has not received an estimate of new budget authority contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974, the Committee does not believe that there will be any new or increased costs attributable to this legislation.

IX. OVERSIGHT FINDINGS & RECOMMENDATIONS

In accordance with clause 3(c)(1) of rule XIII and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the oversight findings and recommendations of the Committee on Small Business with respect to the subject matter contained in H.R. 5763 are incorporated into the descriptive portions of this report.

X. PERFORMANCE GOALS AND OBJECTIVES

With respect to the requirements of clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the goal of H.R. 5763 is to bring parity to all industries under the SBA’s 504 loan program.

XI. STATEMENT OF DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, no provision of H.R. 5763 is known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of Public Law 111–139 or the most recent Catalog of Federal Domestic Assistance.

XII. CONGRESSIONAL EARMARKS, LIMITED TAX BENEFITS,
AND LIMITED TARIFF BENEFITS

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee finds that the bill does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(e), 9(f), or 9(g) of rule XXI of the Rules of the House of Representatives.

XIII. FEDERAL MANDATES STATEMENT

The Committee will adopt as its own the estimate of the Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

XIV. FEDERAL ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

XV. APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

XVI. STATEMENT OF CONSTITUTIONAL AUTHORITY

Pursuant to clause 7 of rule XII of the Rules of the House, the Committee finds that the authority for this legislation in Art. I, § 8, cl.1 of the Constitution of the United States.

XVII. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

SMALL BUSINESS INVESTMENT ACT OF 1958

* * * * *

TITLE V—LOANS TO STATE AND LOCAL DEVELOPMENT
COMPANIES

* * * * *

LOANS FOR PLANT ACQUISITION, CONSTRUCTION, CONVERSION, AND
EXPANSION

SEC. 502. The Administration may, in addition to its authority under section 501, make loans for plant acquisition, construction, conversion or expansion, including the acquisition of land, to State and local development companies, and such loans may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis: *Provided, however,* That the foregoing powers shall be subject to the following restrictions and limitations:

(1) USE OF PROCEEDS.—The proceeds of any such loan shall be used solely by the borrower to assist 1 or more identifiable small business concerns and for a sound business purpose approved by the Administration.

(2) MAXIMUM AMOUNT.—

(A) IN GENERAL.—Loans made by the Administration under this section shall be limited to—

(i) \$5,000,000 for each small business concern if the loan proceeds will not be directed toward a goal or project described in clause (ii), (iii), (iv), or (v);

(ii) \$5,000,000 for each small business concern if the loan proceeds will be directed toward 1 or more of the public policy goals described under section 501(d)(3);

(iii) \$5,500,000 for each project of a small manufacturer;

(iv) \$5,500,000 for each project that reduces the borrower's energy consumption by at least 10 percent; and

(v) \$5,500,000 for each project that generates renewable energy or renewable fuels, such as biodiesel or ethanol production.

(B) DEFINITION.—As used in this paragraph, the term “small manufacturer” means a small business concern—

(i) the primary business of which is classified in sector 31, 32, or 33 of the North American Industrial Classification System; and

(ii) all of the production facilities of which are located in the United States.

(3) CRITERIA FOR ASSISTANCE.—

(A) IN GENERAL.—Any development company assisted under this section or section 503 of this title must meet the criteria established by the Administration, including the extent of participation to be required or amount of paid-in capital to be used in each instance as is determined to be reasonable by the Administration.

(B) COMMUNITY INJECTION FUNDS.—

(i) SOURCES OF FUNDS.—Community injection funds may be derived, in whole or in part, from—

(I) State or local governments;

(II) banks or other financial institutions;

(III) foundations or other not-for-profit institutions; or

(IV) the small business concern (or its owners, stockholders, or affiliates) receiving assistance through a body authorized by this title.

(ii) FUNDING FROM INSTITUTIONS.—Not less than 50 percent of the total cost of any project financed pursuant to **【**clauses (i), (ii), or (iii) of subparagraph (C)**】** *clause (i) of subparagraph (C)* shall come from the institutions described in subclauses (I), (II), and (III) of clause (i).

(C) FUNDING FROM A SMALL BUSINESS CONCERN.—The small business concern (or its owners, stockholders, or affiliates) receiving assistance through a body authorized by this title shall provide—

(i) at least 15 percent of the total cost of the project financed, if the small business concern has been in operation for a period of 2 years or less; *or*

【(ii) at least 15 percent of the total cost of the project financed if the project involves the construction of a limited or single purpose building or structure;

【(iii) at least 20 percent of the total cost of the project financed if the project involves both of the conditions set forth in clauses (i) and (ii); *or***】**

【(iv)**】** *(ii)* at least 10 percent of the total cost of the project financed, in all other circumstances, at the discretion of the development company.

(D) SELLER FINANCING.—Seller-provided financing may be used to meet the requirements of subparagraph (B), if the seller subordinates the interest of the seller in the property to the debenture guaranteed by the Administration.

(E) COLLATERALIZATION.—

(i) IN GENERAL.—The collateral provided by the small business concern shall generally include a subordinate lien position on the property being financed under this title, and is only 1 of the factors to be evaluated in the credit determination. Additional collateral shall be required only if the Administration determines, on a case-by-case basis, that additional security is necessary to protect the interest of the Government.

(ii) APPRAISALS.—

(I) IN GENERAL.—With respect to commercial real property provided by the small business concern as collateral, an appraisal of the property by a State licensed or certified appraiser—

(aa) shall be required by the Administration before disbursement of the loan if the estimated value of that property is more than the Federal banking regulator appraisal threshold; *or*

(bb) may be required by the Administration or the lender before disbursement of the loan if the estimated value of that property is equal to or less than the Federal banking regulator appraisal threshold, and such appraisal

is necessary for appropriate evaluation of creditworthiness.

(II) FEDERAL BANKING REGULATOR APPRAISAL THRESHOLD DEFINED.—For purposes of this clause, the term “Federal banking regulator appraisal threshold” means the lesser of the threshold amounts set by the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation for when a federally related transaction that is a commercial real estate transaction requires an appraisal prepared by a State licensed or certified appraiser.

(4) If the project is to construct a new facility, up to 33 per centum of the total project may be leased, if reasonable projections of growth demonstrate that the assisted small business concern will need additional space within three years and will fully utilize such additional space within ten years.

(5) LIMITATION ON LEASING.—In addition to any portion of the project permitted to be leased under paragraph (4), not to exceed 20 percent of the project may be leased by the assisted small business to 1 or more other tenants, if the assisted small business occupies permanently and uses not less than a total of 60 percent of the space in the project after the execution of any leases authorized under this section.

(6) OWNERSHIP REQUIREMENTS.—Ownership requirements to determine the eligibility of a small business concern that applies for assistance under any credit program under this title shall be determined without regard to any ownership interest of a spouse arising solely from the application of the community property laws of a State for purposes of determining marital interests.

(7) PERMISSIBLE DEBT REFINANCING.—

(A) IN GENERAL.—Any financing approved under this title may include a limited amount of debt refinancing.

(B) EXPANSIONS.—If the project involves expansion of a small business concern, any amount of existing indebtedness that does not exceed 100 percent of the project cost of the expansion may be refinanced and added to the expansion cost, if—

(i) the proceeds of the indebtedness were used to acquire land, including a building situated thereon, to construct a building thereon, or to purchase equipment;

(ii) the existing indebtedness is collateralized by fixed assets;

(iii) the existing indebtedness was incurred for the benefit of the small business concern;

(iv) the financing under this title will be used only for refinancing existing indebtedness or costs relating to the project financed under this title;

(v) the financing under this title will provide a substantial benefit to the borrower when prepayment penalties, financing fees, and other financing costs are accounted for;

(vi) the borrower has been current on all payments due on the existing debt for not less than 1 year preceding the date of refinancing; and

(vii) the financing under section 504 will provide better terms or rate of interest than the existing indebtedness at the time of refinancing.

(C) REFINANCING NOT INVOLVING EXPANSIONS.—

(i) DEFINITIONS.—In this subparagraph—

(I) the term “borrower” means a small business concern that submits an application to a development company for financing under this subparagraph;

(II) the term “eligible fixed asset” means tangible property relating to which the Administrator may provide financing under this section; and

(III) the term “qualified debt” means indebtedness—

(aa) that was incurred not less than 6 months before the date of the application for assistance under this subparagraph;

(bb) that is a commercial loan;

(cc) the proceeds of which were used to acquire an eligible fixed asset;

(dd) that was incurred for the benefit of the small business concern; and

(ee) that is collateralized by eligible fixed assets.

(ii) AUTHORITY.—A project that does not involve the expansion of a small business concern may include the refinancing of qualified debt if—

(I) the amount of the financing is not more than 90 percent of the value of the collateral for the financing, except that, if the appraised value of the eligible fixed assets serving as collateral for the financing is less than the amount equal to 125 percent of the amount of the financing, the borrower may provide additional cash or other collateral to eliminate any deficiency;

(II) the borrower has been in operation for all of the 2-year period ending on the date the loan application is submitted; and

(III) for a financing for which the Administrator determines there will be an additional cost attributable to the refinancing of the qualified debt, the borrower agrees to pay a fee in an amount equal to the anticipated additional cost.

(iii) FINANCING FOR BUSINESS EXPENSES.—

(I) FINANCING FOR BUSINESS EXPENSES.—The Administrator may provide financing to a borrower that receives financing that includes a refinancing of qualified debt under clause (ii), in addition to the refinancing under clause (ii), to be used solely for the payment of business expenses.

(II) APPLICATION FOR FINANCING.—An application for financing under subclause (I) shall include—

(aa) a specific description of the expenses for which the additional financing is requested; and

(bb) an itemization of the amount of each expense.

(III) CONDITION ON ADDITIONAL FINANCING.—A borrower may not use any part of the financing under this clause for non-business purposes.

(iv) LOANS BASED ON JOBS.—

(I) JOB CREATION AND RETENTION GOALS.—

(aa) IN GENERAL.—The Administrator may provide financing under this subparagraph for a borrower that meets the job creation goals under subsection (d) or (e) of section 501.

(bb) ALTERNATE JOB RETENTION GOAL.—The Administrator may provide financing under this subparagraph to a borrower that does not meet the goals described in item (aa) in an amount that is not more than the product obtained by multiplying the number of employees of the borrower by \$75,000.

(II) NUMBER OF EMPLOYEES.—For purposes of subclause (I), the number of employees of a borrower is equal to the sum of—

(aa) the number of full-time employees of the borrower on the date on which the borrower applies for a loan under this subparagraph; and

(bb) the product obtained by multiplying—

(AA) the number of part-time employees of the borrower on the date on which the borrower applies for a loan under this subparagraph, by

(BB) the quotient obtained by dividing the average number of hours each part time employee of the borrower works each week by 40.

(v) TOTAL AMOUNT OF LOANS.—The Administrator may provide not more than a total of \$7,500,000,000 of financing under this subparagraph for each fiscal year.

* * * * *

XVIII. MINORITY VIEWS

One of the primary responsibilities of the Small Business Administration (SBA) is to ensure that small businesses have access to capital to grow and scale their respective operations. The SBA administers multiple loan guaranty programs, including the 504/Certified Development Company (CDC) program, to provide affordable access to capital to lead these small firms. The 504/CDC program supports businesses in accessing long-term financing for major fixed assets like land, buildings, equipment, and machinery. For standard 504/CDC loans, a third-party lender provides at least 50 percent of the financing, the Certified Development Company—guaranteed by the SBA—provides a maximum of 40 percent, and the small business borrower provides at least 10 percent. In Fiscal Year 2024, the 504/CDC program approved 5,994 loans totaling \$6.6 billion,¹ and the program contributed to the creation and retention of 64,206 jobs.²

As part of the program, the 504/CDC program provides access to financing for the construction of limited or single purpose buildings or structures, better known as “special purpose properties.” The SBA defines “special purpose properties” as limited-market properties with a unique physical design, comprised of special construction materials, or have a layout that restricts its utility to the specific use for which it was built.³ Examples of special purpose properties include, but are not limited to, amusement parks, bowling alleys, car washes, marinas, and cemeteries. Currently, borrowers looking to develop a “special purpose property” with financing through the 504/CDC program are required to provide at least 15 percent⁴ or in some cases at least 20 percent of the total cost,⁵ instead of the at least 10 percent as required in standard 504/CDC projects.

In 1996, when the special purpose property designation was developed, the limited function of these buildings or properties also limited their adaptability to other uses if they were ever to be sold by the borrower. Congress viewed the limited use nature of these properties as potentially reducing the universe of possible buyers and thereby associating a heightened level of risk with these properties.

Yet almost thirty years have passed since Congress increased the equity requirement for these properties and the technological improvements and enhancements in building construction and rehabilitation have increased the adaptability and utility of these prop-

¹ U.S. Small Business Administration. *7(a) & 504 Summary Report*. (Last Accessed: September 24, 2025).

² National Association of Development Companies. *504 Loan Impact Across America*. (Pg. 7).

³ Small Bus. Admin. *SOP 50.10.8: Lender and Development Company Loan Programs*. (June 1, 2025), (Pg. 140).

⁴ 15 U.S.C. § 696(3)(C)(ii).

⁵ 15 U.S.C. § 696(3)(C)(iii).

erties. Moreover the 10-year charge off rate for 504/CDC loans for designated “special purpose properties” (0.5 percent)⁶ is comparable to the 10-year charge of rates for standard 504/CDC loans (0.41 percent),⁷ demonstrating that “special purpose properties” pose no greater risk to the 504/CDC loan portfolio and the zero-subsidy requirement than standard 504/CDC loans.

The additional equity required of small business borrowers owning and operating “special purpose properties” can, in many instances, be excessively burdensome and act as a significant barrier to accessing 504/CDC financing. Therefore, in order to ease this burden, it has become appropriate to lower the equity requirement for financing the purchase and development of these properties. Eliminating the special purpose penalty would reduce the burden that these businesses face when accessing capital, treat them substantially similar to standard 504/CDC financed properties, and allow these businesses to operate more efficiently.

NYDIA M. VELÁZQUEZ,
Ranking Member.



⁶NADCO. *Special Use Property Charge Off Rates by NAICS Code*. (2025). On File with House Small Business Committee, Minority Staff. Available for Review Upon Request.

⁷Small Bus. Admin. *Small Business Administration Loan Program Performance, Table 9—Charge Off Rate as a Percent of Unpaid Principal Balance*. (Last accessed: Sept. 24, 2025).