

105TH CONGRESS
2D SESSION

S. 2372

To provide for a pilot loan guarantee program to address Year 2000 problems of small business concerns, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 30, 1998

Mr. BOND (for himself, Ms. SNOWE, and Mr. BENNETT) introduced the following bill; which was read twice and referred to the Committee on Small Business

A BILL

To provide for a pilot loan guarantee program to address Year 2000 problems of small business concerns, 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 Year
5 2000 Readiness Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

8 (1) the failure of many computer programs to
9 recognize the Year 2000 will have extreme negative

1 financial consequences in the Year 2000 and in sub-
 2 sequent years for both large and small businesses;

3 (2) small businesses are well behind larger busi-
 4 nesses in implementing corrective changes to their
 5 automated systems—85 percent of businesses with
 6 200 employees or less have not commenced
 7 inventorying the changes they must make to their
 8 automated systems to avoid Year 2000 problems;

9 (3) many small businesses do not have access to
 10 capital to fix mission critical automated systems;
 11 and

12 (4) the failure of a large number of small busi-
 13 nesses will have a highly detrimental effect on the
 14 economy in the Year 2000 and in subsequent years.

15 **SEC. 3. YEAR 2000 COMPUTER PROBLEM LOAN GUARANTEE**
 16 **PROGRAM.**

17 (a) PROGRAM ESTABLISHED.—Section 7(a) of the
 18 Small Business Act (15 U.S.C. 636(a)) is amended by
 19 adding at the end the following:

20 “(27) YEAR 2000 COMPUTER PROBLEM PILOT
 21 PROGRAM.—

22 “(A) DEFINITIONS.—In this paragraph—

23 “(i) the term ‘eligible lender’ means
 24 any lender designated by the Administra-
 25 tion as eligible to participate in—

1 “(I) the Preferred Lenders Pro-
2 gram authorized by the proviso in sec-
3 tion 5(b)(7); or

4 “(II) the Certified Lenders Pro-
5 gram authorized in paragraph (19);
6 and

7 “(ii) the term ‘Year 2000 computer
8 problem’ means, with respect to informa-
9 tion technology, any problem that prevents
10 the information technology from accurately
11 processing, calculating, comparing, or se-
12 quencing date or time data—

13 “(I) from, into, or between—

14 “(aa) the 20th or 21st cen-
15 turies; or

16 “(bb) the years 1999 and
17 2000; or

18 “(II) with regard to leap year
19 calculations.

20 “(B) ESTABLISHMENT OF PROGRAM.—The
21 Administration shall—

22 “(i) establish a pilot loan guarantee
23 program, under which the Administration
24 shall guarantee loans made by eligible

1 lenders to small business concerns in ac-
2 cordance with this subsection; and

3 “(ii) notify each eligible lender of the
4 establishment of the program under this
5 paragraph.

6 “(C) USE OF FUNDS.—A small business
7 concern that receives a loan guaranteed under
8 this paragraph shall use the proceeds of the
9 loan solely to address the Year 2000 computer
10 problems of that small business concern, includ-
11 ing the repair or acquisition of information
12 technology systems and other automated sys-
13 tems.

14 “(D) MAXIMUM AMOUNT.—The total
15 amount of a loan made to a small business con-
16 cern and guaranteed under this paragraph shall
17 not exceed \$50,000.

18 “(E) GUARANTEE LIMIT.—The guarantee
19 percentage of a loan guaranteed under this
20 paragraph shall not exceed 50 percent of the
21 balance of the financing outstanding at the time
22 of disbursement of the loan.

23 “(F) REPORT.—The Administration shall
24 annually submit to the Committees on Small
25 Business of the House of Representatives and

1 the Senate a report on the results of the pro-
2 gram under this paragraph, which shall include
3 information relating to—

4 “(i) the number and amount of loans
5 guaranteed under this paragraph;

6 “(ii) whether the loans guaranteed
7 were made to repair or replace information
8 technology and other automated systems;
9 and

10 “(iii) the number of eligible lenders
11 participating in the program.”.

12 (b) REGULATIONS.—

13 (1) IN GENERAL.—Not later than 60 days after
14 the date of enactment of this Act, the Administrator
15 of the Small Business Administration shall issue
16 final regulations to carry out the program under sec-
17 tion 7(a)(27) of the Small Business Act, as added
18 by this section.

19 (2) REQUIREMENTS.—Except to the extent in-
20 consistent this section or section 7(a)(27) of the
21 Small Business Act, as added by this section, the
22 regulations issued under this subsection shall be
23 substantially similar to the requirements governing
24 the FA\$TRACK pilot program of the Small Busi-

1 ness Administration, or any successor pilot program
2 to that pilot program.

3 (c) REPEAL.—Effective on October 1, 2001, this sec-
4 tion and the amendment made by this section are re-
5 pealed.

6 **SEC. 4. PILOT PROGRAM REQUIREMENTS.**

7 Section 7(a)(25) of the Small Business Act (15
8 U.S.C. 636(a)(25)) is amended by adding at the end the
9 following:

10 “(D) NOTIFICATION OF CHANGE.—Not
11 later than 30 days prior to initiating any pilot
12 program or making any change in a pilot pro-
13 gram under this subsection that may affect the
14 subsidy rate estimates for the loan program
15 under this subsection, the Administration shall
16 notify the Committees on Small Business of the
17 House of Representatives and the Senate, which
18 notification shall include—

19 “(i) a description of the proposed
20 change; and

21 “(ii) an explanation, which shall be
22 developed by the Administration in con-
23 sultation with the Director of the Office of
24 Management and Budget, of the estimated

1 effect that the change will have on the sub-
2 sidy rate.

3 “(E) REPORT ON PILOT PROGRAMS.—The
4 Administration shall annually submit to the
5 Committees on Small Business of the House of
6 Representatives and the Senate a report on
7 each pilot program under this subsection, which
8 report shall include information relating to—

9 “(i) the number and amount of loans
10 made under the pilot program;

11 “(ii) the number of lenders participat-
12 ing in the pilot program; and

13 “(iii) the default rate, delinquency
14 rate, and recovery rate for loans under
15 each pilot program, as compared to those
16 rates for other loan programs under this
17 subsection.”.

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