

106TH CONGRESS
1ST SESSION

H. R. 1614

To authorize the Small Business Administration to provide financial and business development assistance to military reservists' small businesses, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 28, 1999

Mr. PHELPS (for himself, Ms. VELÁZQUEZ, Mr. TALENT, Mrs. CHRISTENSEN, Mr. GONZALEZ, Mr. EVANS, Mr. CONYERS, Mr. SHOWS, Mr. BRADY of Pennsylvania, Mr. SKELTON, Mr. GUTIERREZ, Mr. BAIRD, Mr. MOORE, Mrs. MCCARTHY of New York, Mrs. NAPOLITANO, Mrs. JONES of Ohio, Mr. FROST, Mr. PASCRELL, and Mr. HINOJOSA) introduced the following bill; which was referred to the Committee on Small Business

A BILL

To authorize the Small Business Administration to provide financial and business development assistance to military reservists' small businesses, 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 “Military Reservists
5 Small Business Relief Act of 1999”.

1 **SEC. 2. REPAYMENT DEFERRAL FOR ACTIVE DUTY RESERV-**
 2 **ISTS.**

3 Section 7 of the Small Business Act (15 U.S.C. 636)
 4 is amended by adding at the end the following:

5 “(n) REPAYMENT DEFERRED FOR ACTIVE DUTY RE-
 6 SERVISTS.—

7 “(1) DEFINITIONS.—In this subsection:

8 “(A) ELIGIBLE RESERVIST.—The term ‘el-
 9 igible reservist’ means a member of a reserve
 10 component of the Armed Forces ordered to ac-
 11 tive duty during a period of military conflict.

12 “(B) OWNER, MANAGER, OR KEY EM-
 13 PLOYEE.—An owner, manager, or key employee
 14 described in this subparagraph is an individual
 15 who—

16 “(i) has not less than a 20 percent
 17 ownership interest in the small business
 18 concern described in subparagraph (D)(ii);

19 “(ii) is a manager responsible for the
 20 day-to-day operations of such small busi-
 21 ness concern; or

22 “(iii) is a key employee (as defined by
 23 the Administration) of such small business
 24 concern.

25 “(C) PERIOD OF MILITARY CONFLICT.—
 26 The term ‘period of military conflict’ means—

1 “(i) a period of war declared by Con-
2 gress;

3 “(ii) a period of national emergency
4 declared by Congress or by the President;
5 or

6 “(iii) a period of a contingency oper-
7 ation, as defined in section 101(a) of title
8 10, United States Code.

9 “(D) QUALIFIED BORROWER.—The term
10 ‘qualified borrower’ means—

11 “(i) an individual who is an eligible
12 reservist and who received a direct loan
13 under subsection (a) or (b) before being
14 ordered to active duty; or

15 “(ii) a small business concern that re-
16 ceived a direct loan under subsection (a) or
17 (b) before an eligible reservist, who is an
18 owner, manager, or key employee described
19 in subparagraph (B), was ordered to active
20 duty.

21 “(2) DEFERRAL OF DIRECT LOANS.—

22 “(A) IN GENERAL.—The Administration
23 shall, upon written request, defer repayment of
24 principal and interest due on a direct loan made

1 under subsection (a) or (b), if such loan was in-
2 curred by a qualified borrower.

3 “(B) PERIOD OF DEFERRAL.—The period
4 of deferral for repayment under this paragraph
5 shall begin on the date on which the eligible re-
6 servist is ordered to active duty and shall termi-
7 nate on the date that is 180 days after the date
8 such eligible reservist is discharged or released
9 from active duty.

10 “(C) INTEREST RATE REDUCTION DURING
11 DEFERRAL.—Notwithstanding any other provi-
12 sion of law, during the period of deferral de-
13 scribed in subparagraph (B), the Administra-
14 tion may, in its discretion, reduce the interest
15 rate on any loan qualifying for a deferral under
16 this paragraph.

17 “(3) DEFERRAL OF LOAN GUARANTEES AND
18 OTHER FINANCINGS.—The Administration shall—

19 “(A) encourage intermediaries partici-
20 pating in the program under subsection (m) to
21 defer repayment of a loan made with proceeds
22 made available under that subsection, if such
23 loan was incurred by a small business concern
24 that is eligible to apply for assistance under
25 subsection (b)(3); and

1 “(B) not later than 30 days after the date
2 of enactment of this subsection, establish guide-
3 lines to—

4 “(i) encourage lenders and other
5 intermediaries to defer repayment of, or
6 provide other relief relating to, loan guar-
7 antees under subsection (a) and financings
8 under section 504 of the Small Business
9 Investment Act of 1958 that were incurred
10 by small business concerns that are eligible
11 to apply for assistance under subsection
12 (b)(3), and loan guarantees provided under
13 subsection (m) if the intermediary provides
14 relief to a small business concern under
15 this paragraph; and

16 “(ii) implement a program to provide
17 for the deferral of repayment or other re-
18 lief to any intermediary providing relief to
19 a small business borrower under this para-
20 graph.”.

21 **SEC. 3. DISASTER LOAN ASSISTANCE FOR MILITARY RE-**
22 **SERVISTS’ SMALL BUSINESSES.**

23 (a) IN GENERAL.—Section 7(b) of the Small Busi-
24 ness Act (15 U.S.C. 636(b)) is amended by inserting after

1 the undesignated paragraph that begins with “*Provided*,
2 That no loan”, the following:

3 “(3)(A) In this paragraph—

4 “(i) the term ‘economic injury’ means an
5 economic harm to a business concern that re-
6 sults in the inability of the business concern—

7 “(I) to meet its obligations as they
8 mature;

9 “(II) to pay its ordinary and nec-
10 essary operating expenses; or

11 “(III) to market, produce, or provide
12 a product or service ordinarily marketed,
13 produced, or provided by the business con-
14 cern;

15 “(ii) the term ‘owner, manager, or key em-
16 ployee’ means an individual who—

17 “(I) has not less than a 20 percent
18 ownership in the small business concern;

19 “(II) is a manager responsible for the
20 day-to-day operations of such small busi-
21 ness concern; or

22 “(III) is a key employee (as defined
23 by the Administration) of such small busi-
24 ness concern; and

1 “(iii) the term ‘period of military conflict’
2 has the meaning given the term in subsection
3 (n)(1).

4 “(B) The Administration may make such dis-
5 aster loans (either directly or in cooperation with
6 banks or other lending institutions through agree-
7 ments to participate on an immediate or deferred
8 basis) to assist a small business concern (including
9 a small business concern engaged in the lease or
10 rental of real or personal property) that has suffered
11 or that is likely to suffer economic injury as the re-
12 sult of the owner, manager, or key employee of such
13 small business concern being ordered to active mili-
14 tary duty during a period of military conflict.

15 “(C) A small business concern described in sub-
16 paragraph (B) shall be eligible to apply for assist-
17 ance under this paragraph during the period begin-
18 ning on the date on which the owner, manager, or
19 key employee is ordered to active duty and ending
20 on the date that is 180 days after the date on which
21 such owner, manager, or key employee is discharged
22 or released from active duty.

23 “(D) Any loan or guarantee extended pursuant
24 to this paragraph shall be made at an annual inter-
25 est rate of 4 percent, without regard to the ability

1 of the small business concern to secure credit else-
2 where.

3 “(E) No loan may be made under this para-
4 graph, either directly or in cooperation with banks
5 or other lending institutions through agreements to
6 participate on an immediate or deferred basis, if the
7 total amount outstanding and committed to the bor-
8 rower under this subsection would exceed
9 \$1,500,000, unless such applicant constitutes a
10 major source of employment in its surrounding area,
11 as determined by the Administration, in which case
12 the Administration, in its discretion, may waive the
13 \$1,500,000 limitation.

14 “(F) For purposes of assistance under this
15 paragraph, no declaration of a disaster area shall be
16 required.”.

17 (b) CONFORMING AMENDMENTS.—Section 4(c) of
18 the Small Business Act (15 U.S.C. 633(c)) is amended—

19 (1) in paragraph (1), by striking “7(b)(4),”;
20 and

21 (2) in paragraph (2), by striking “7(b)(4),
22 7(b)(5), 7(b)(6), 7(b)(7), 7(b)(8),”.

1 **SEC. 4. BUSINESS DEVELOPMENT AND MANAGEMENT AS-**
2 **SISTANCE FOR MILITARY RESERVISTS'**
3 **SMALL BUSINESSES.**

4 (a) IN GENERAL.—Section 8 of the Small Business
5 Act (15 U.S.C. 637) is amended by adding at the end the
6 following:

7 “(1) MANAGEMENT ASSISTANCE FOR SMALL BUSI-
8 NESSES AFFECTED BY MILITARY OPERATIONS.—The Ad-
9 ministration shall utilize, as appropriate, its entrepre-
10 neurial development and management assistance pro-
11 grams, including programs involving State or private sec-
12 tor partners, to provide business counseling and training
13 to any small business concern adversely affected by the
14 deployment of units of the Armed Forces of the United
15 States in support of a period of military conflict (as de-
16 fined in section 7(n)(1)).

17 (b) ENHANCED PUBLICITY DURING OPERATION AL-
18 LIED FORCE.—For the duration of Operation Allied Force
19 and for 120 days thereafter, the Administration shall en-
20 hance its publicity of the availability of assistance provided
21 pursuant to the amendments made by this Act, including
22 information regarding the appropriate local office at which
23 affected small businesses may seek such assistance.

24 **SEC. 5. GUIDELINES.**

25 Not later than 30 days after the date of enactment
26 of this Act, the Administrator of the Small Business Ad-

1 ministration shall issue such guidelines as the Adminis-
2 trator determines to be necessary to carry out this Act
3 and the amendments made by this Act.

4 **SEC. 6. EFFECTIVE DATES.**

5 (a) IN GENERAL.—Except as provided in subsection
6 (b), the amendments made by this Act shall take effect
7 on the date of the enactment of this Act.

8 (b) DISASTER LOANS.—The amendments made by
9 section 3 shall apply to economic injury suffered or likely
10 to be suffered as the result of a period of military conflict
11 occurring on or after March 24, 1999.

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