

106TH CONGRESS
1ST SESSION

H. R. 1981

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

MAY 27, 1999

Mr. BILIRAKIS 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 Reserves
5 Small Business Relief Act”.

6 **SEC. 2. REPAYMENT DEFERRAL FOR ACTIVE DUTY RE-**
7 **SERVES.**

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

1 “(n) REPAYMENT DEFERRED FOR ACTIVE DUTY RE-
2 SERVES.—

3 “(1) DEFERRAL OF DIRECT LOANS.—

4 “(A) IN GENERAL.—The Administration
5 shall, upon written request, defer repayment of
6 principal and interest due during the period of
7 deferral described in subparagraph (B) on any
8 direct loan made under subsection (a) or (b), if
9 such loan was incurred by a qualified borrower.

10 “(B) PERIOD OF DEFERRAL.—The period
11 of deferral for repayment under this paragraph
12 shall begin on the date on which the eligible re-
13 serve is ordered to active duty during a period
14 of military conflict and shall terminate on the
15 later of—

16 “(i) the date that is 180 days after
17 the date such eligible reserve is discharged
18 or released from active duty; and

19 “(ii) the date that is 180 days after
20 the date of enactment of this subsection.

21 “(C) NO ACCRUAL OF INTEREST DURING
22 DEFERRAL.—During the period of deferral de-
23 scribed in subparagraph (B), no interest shall
24 accrue on any deferred loan.

1 “(2) APPLICABILITY.—This subsection shall
2 apply with respect to any period of military conflict
3 beginning on or after August 1, 1990.

4 “(3) DEFINITIONS.—In this subsection:

5 “(A) ELIGIBLE RESERVE.—The term ‘eli-
6 gible reserve’ means a member of a reserve
7 component of the Armed Forces serving pursu-
8 ant to a call or order to active duty, or an order
9 to remain on active duty, during a period of
10 military conflict.

11 “(B) OWNER, MANAGER, OR KEY EM-
12 PLOYEE.—The term ‘owner, manager, or key
13 employee’ means an individual who—

14 “(i) has not less than a 20 percent
15 ownership interest in a small business con-
16 cern described in subparagraph (D)(ii);

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

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

23 “(C) PERIOD OF MILITARY CONFLICT.—
24 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 for which members of
7 reserve components of the Armed Forces
8 are serving on active duty in the Armed
9 Forces under a call or order to active duty,
10 under section 688, 12301(a), 12302,
11 12304, or 12306 of title 10, United States
12 Code.

13 “(D) QUALIFIED BORROWER.—The term
14 ‘qualified borrower’ means—

15 “(i) an individual who is an eligible
16 reserve and who received a direct loan
17 under subsection (a) or (b) before being
18 called or ordered to active duty, or being
19 ordered to remain on active duty, during a
20 period of military conflict; or

21 “(ii) a small business concern that re-
22 ceived a direct loan under subsection (a) or
23 (b) before an eligible reserve, who is an
24 owner, manager, or key employee, was
25 called or ordered to active duty, or was or-

1 dered to remain on active duty, during a
2 period of military conflict.”.

3 **SEC. 3. DISASTER LOAN ASSISTANCE FOR MILITARY RE-**
4 **SERVES’ SMALL BUSINESSES.**

5 (a) IN GENERAL.—Section 7(b) of the Small Busi-
6 ness Act (15 U.S.C. 636(b)) is amended by inserting after
7 the undesignated paragraph that begins with “*Provided,*
8 That no loan”, the following:

9 “(3)(A) The Administration may make such
10 disaster loans (either directly or in cooperation with
11 banks or other lending institutions through agree-
12 ments to participate on an immediate or deferred
13 basis) to assist a small business concern (including
14 a small business concern engaged in the lease or
15 rental of real or personal property) that has suffered
16 or that is likely to suffer economic injury as the re-
17 sult of a call or order to active military duty, or an
18 order to remain on active duty, of an owner, man-
19 ager, or key employee of such small business concern
20 during a period of military conflict.

21 “(B) Any loan or guarantee extended pursuant
22 to this paragraph shall be made at an annual inter-
23 est rate of 4 percent, without regard to the ability
24 of the small business concern to secure credit else-
25 where.

1 “(C) No loan may be made under this para-
2 graph, either directly or in cooperation with banks
3 or other lending institutions through agreements to
4 participate on an immediate or deferred basis, if the
5 total amount outstanding and committed to the bor-
6 rower under this subsection would exceed \$500,000,
7 except that the Administration may waive the
8 \$500,000 limitation if the Administration deter-
9 mines that the applicant for the loan constitutes a
10 major source of employment in its surrounding area,
11 and such area is not larger than the surrounding
12 county.

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

16 “(E) This paragraph shall apply with respect to
17 any period of military conflict beginning on or after
18 August 1, 1990.

19 “(F) In this paragraph—

20 “(i) the term ‘economic injury’ means an
21 economic harm to a business concern that re-
22 sults in the inability of the business concern to
23 market, produce, or provide a product or service
24 ordinarily marketed, produced, or provided by
25 the business concern;

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

3 “(I) has not less than a 20 percent
 4 ownership interest in the small business
 5 concern;

6 “(II) is a manager responsible for the
 7 day-to-day operations of such small busi-
 8 ness concern; or

9 “(III) is a key employee (as defined
 10 by the Administration) of such small busi-
 11 ness concern; and

12 “(iii) the term ‘period of military conflict’
 13 has the meaning given the term in subsection
 14 (n)(3).”.

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

17 (1) in paragraph (1), by striking “7(b)(4),”;
 18 and

19 (2) in paragraph (2), by striking “7(b)(4),
 20 7(b)(5), 7(b)(6), 7(b)(7), 7(b)(8),”.

21 **SEC. 4. REGULATIONS.**

22 Not later than 60 days after the date of enactment
 23 of this Act, the Small Business Administration shall issue

- 1 such regulations as may be necessary to carry out the
- 2 amendments made by sections 2 and 3.

