

106TH CONGRESS
1ST SESSION

S. 375

To create a rural business lending pilot program within the U.S. Small Business Administration, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 4, 1999

Mr. STEVENS (for himself, Mr. INOUE, Mr. MURKOWSKI, and Mr. AKAKA) introduced the following bill; which was read twice and referred to the Committee on Small Business

A BILL

To create a rural business lending pilot program within the U.S. Small Business Administration, 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 referred to as the “Rural Business
5 Lending Act”.

6 **SEC. 2. PURPOSES.**

7 The purposes of this Act are to—

8 (1) establish a rural business lending pilot pro-
9 gram to be administered by the U.S. Small Business
10 Administration;

1 (2) increase the number of loans in certain
 2 rural areas for the purposes authorized by section
 3 7(a) of the Small Business Act (15 U.S.C. 636);

4 (3) make loans and capital for investment more
 5 readily available in rural areas for economic develop-
 6 ment and employment that might not otherwise be
 7 available; and

8 (4) review the effectiveness of the pilot program
 9 after two years to determine the advisability of mak-
 10 ing it permanent or implementing it in other areas.

11 **SEC. 3. RURAL BUSINESS LENDING PILOT PROJECT.**

12 Section 7 of the Small Business Act (15 U.S.C. 636)
 13 is amended by adding the following new subsection—

14 “(n) RURAL BUSINESS LENDING PROGRAM.—

15 “(1) There is established a Rural Business
 16 Lending Program under which the U.S. Small Busi-
 17 ness Administration shall—

18 “(A) guarantee loans through participating
 19 lenders in an amount not greater than
 20 \$750,000 per loan;

21 “(B) guarantee up to 90 percent of loans
 22 made by participating lenders;

23 “(C) collect a guarantee fee of not more
 24 than one percent of the amount guaranteed;
 25 and

1 “(D) exempt participating lenders from the
2 basis point fee otherwise required under the
3 7(a) lending program if such an exemption will
4 significantly increase the number of loans made
5 under the Rural Business Lending Program.

6 “(2) In the event that the Small Business Ad-
7 ministration is required to honor a guarantee under
8 the Rural Business Lending Program, the Small
9 Business Administration shall take over servicing re-
10 sponsibility as soon as compliance with the loan au-
11 thorization and review of the servicing can reason-
12 ably be accomplished.

13 “(3) Applications under this program shall be
14 in the same form and follow the same procedures as
15 loans under the regular 7(a) program.

16 “(4) Applications received under this program
17 shall be processed in the Small Business Administra-
18 tion Offices in the State of Alaska and State of Ha-
19 waii.

20 “(5) Within 24 months after the date of enact-
21 ment of this Act, the Administration shall submit to
22 the Committees on Small Business of the Senate
23 and the House of Representatives a report on the ef-
24 fectiveness of the Rural Business Lending Program.

1 “(6) A small business concern must meet all
2 the criteria and requirements for loans made under
3 the regular 7(a) loan program but must also be lo-
4 cated in a community with a population of 9,000 or
5 less as determined by the most recent census, and
6 be located in the State of Alaska or the State of Ha-
7 waii.”.

8 **SEC. 4. AUTHORITY.**

9 There are authorized to be appropriated such funds
10 as are necessary in each of fiscal years 2000, 2001, and
11 2002 to carry out the provisions of this Act.

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