

107TH CONGRESS
1ST SESSION

H. R. 3073

To provide assistance to small business concerns adversely impacted by the terrorist attacks perpetrated against the United States on September 11, 2001, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 10, 2001

Mr. MANZULLO (for himself, Mr. MORAN of Virginia, Mr. NADLER, Mr. FERGUSON, Mr. MEEKS of New York, Mr. WEINER, Mr. GRUCCI, and Mr. JOHNSON of Illinois) introduced the following bill; which was referred to the Committee on Small Business

A BILL

To provide assistance to small business concerns adversely impacted by the terrorist attacks perpetrated against the United States on September 11, 2001, 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 “American Small Busi-
5 ness Emergency Relief and Recovery Act of 2001”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—Congress finds that—

1 (1) the Nation's 25,000,000 small businesses
2 employ more than 58 percent of the private work-
3 force, and create 75 percent of all new jobs;

4 (2) as a result of the terrorist attacks on Sep-
5 tember 11, 2001, many small businesses nationwide
6 were adversely affected—

7 (A) directly because—

8 (i) they are located in or near the
9 World Trade Center or the Pentagon, or in
10 a disaster area declared by the President
11 or the Administrator;

12 (ii) they were closed or their business
13 was suspended for National security pur-
14 poses at the mandate of the Federal Gov-
15 ernment; or

16 (iii) they are located in an airport
17 that has been closed; and

18 (B) indirectly because—

19 (i) they supplied or provided services
20 to businesses that were located in or near
21 the World Trade Center or the Pentagon;

22 (ii) they are a supplier, service pro-
23 vider, or complementary industry to any
24 affected industry, in particular, the finan-
25 cial, hospitality, and travel industries; or

1 (iii) they are integral to or dependent
2 upon the business of a closed or suspended
3 business or business sector; and

4 (3) small business owners adversely impacted
5 by the terrorist attacks are finding it difficult or
6 impossible—

7 (A) to make loan payments on existing
8 debts;

9 (B) to pay their employees;

10 (C) to pay their vendors;

11 (D) to purchase materials, supplies, or in-
12 ventory;

13 (E) to pay their rent, mortgage, or other
14 operating expenses; and

15 (F) to secure financing for their busi-
16 nesses.

17 (b) PURPOSE.—The purpose of this Act is to
18 strengthen the loan and investment programs of the Small
19 Business Administration, in order to help small businesses
20 to meet their existing obligations, finance their businesses,
21 and maintain and create jobs, and thereby provide sta-
22 bility to the National economy.

1 **SEC. 3. DISASTER LOANS AFTER TERRORIST ATTACKS.**

2 (a) IN GENERAL.—Section 7(b) of the Small Busi-
3 ness Act (15 U.S.C. 636(b)) is amended by inserting im-
4 mediately after paragraph (3) the following:

5 “(4) DISASTER LOANS AFTER TERRORIST AT-
6 TACKS OF SEPTEMBER 11, 2001.—

7 “(A) LOAN AUTHORITY.—In addition to
8 any other loan authorized by this section, the
9 Administration may make such loans (either di-
10 rectly or in cooperation with banks or other
11 lending institutions through agreements to par-
12 ticipate on an immediate or deferred basis) to
13 a small business concern that has been directly
14 affected and suffered, or that is likely to suffer,
15 substantial economic injury as the direct result
16 of the terrorist attacks perpetrated against the
17 United States on September 11, 2001, includ-
18 ing due to the closure or suspension of its busi-
19 ness for National security purposes at the man-
20 date of the Federal Government.

21 “(B) DEFERMENT OF LOAN PAYMENTS.—

22 “(i) IN GENERAL.—Notwithstanding
23 any other provision of law, payments of
24 principal and interest on a loan made
25 under this paragraph or paragraph (1) as
26 a result of the terrorist attacks perpetrated

1 against the United States on September
2 11, 2001, shall be deferred, and no interest
3 shall accrue with respect to such loan, dur-
4 ing the 2-year period following the date of
5 issuance of such loan.

6 “(ii) RESUMPTION OF PAYMENTS.—At
7 the end of the 2-year period described in
8 clause (i), the payment of periodic install-
9 ments of principal and interest shall be re-
10 quired with respect to such loan, in the
11 same manner and subject to the same
12 terms and conditions as would otherwise be
13 applicable to any other loan made under
14 this subsection.

15 “(C) REFINANCING EXISTING LOANS.—

16 “(i) IN GENERAL.—Any loan made
17 under this subsection that was outstanding
18 as to principal or interest on September
19 11, 2001, may be refinanced by a small
20 business concern that is also eligible to re-
21 ceive a loan under this paragraph, and the
22 refinanced amount shall be considered to
23 be part of the new loan for purposes of
24 this clause.

1 “(ii) NO EFFECT ON ELIGIBILITY.—A
2 refinancing under this subparagraph by a
3 small business concern shall be in addition
4 to any other loan eligibility for that small
5 business concern under this Act.

6 “(D) TERMS.—A loan under this para-
7 graph shall be made at the same interest rate
8 as economic injury loans under paragraph (2).

9 “(E) NO DISASTER DECLARATION RE-
10 QUIRED.—For purposes of assistance under this
11 paragraph, no declaration of a disaster area is
12 required for those small business concerns di-
13 rectly affected by the terrorist attacks per-
14 petrated against the United States on Sep-
15 tember 11, 2001.

16 “(F) SIZE STANDARD ADJUSTMENTS.—

17 “(i) FOR DECLARED DISASTER
18 AREAS.—Notwithstanding any other provi-
19 sion of law, for purposes of providing as-
20 sistance under this paragraph to busi-
21 nesses located in areas of New York, Vir-
22 ginia, and the contiguous areas designated
23 by the President or the Administrator as a
24 disaster area following the September 11,
25 2001, terrorist attacks against the United

1 States, a business shall be considered to be
2 a ‘small business concern’ if it meets other-
3 wise applicable size regulations promul-
4 gated by the Administration, and, with re-
5 spect to the applicable size standard it is—

6 “(I) a restaurant having not
7 more than \$8,000,000 in annual reve-
8 nues;

9 “(II) a law firm having not more
10 than \$8,000,000 in annual revenues;

11 “(III) a certified public account-
12 ing business having not more than
13 \$8,000,000 in annual revenues;

14 “(IV) a performing arts business
15 having not more than \$8,000,000 in
16 annual revenues;

17 “(V) a warehousing or storage
18 business having not more than
19 \$25,000,000 in annual revenues;

20 “(VI) a contracting business hav-
21 ing not more than \$15,000,000 in an-
22 nual revenues;

23 “(VII) a food manufacturing
24 business having not more than 1,000
25 employees; or

1 “(VIII) an apparel manufac-
2 turing business having not more than
3 1,000 employees.

4 “(ii) AUTHORITY TO INCREASE OR
5 WAIVE SIZE STANDARDS AND SIZE REGU-
6 LATIONS.—For purposes of providing as-
7 sistance under this paragraph, at the dis-
8 cretion of the Administrator, the Adminis-
9 trator may increase or waive otherwise ap-
10 plicable size standards or size regulations
11 with respect to businesses that are located
12 in areas of New York, Virginia, or the con-
13 tiguous areas designated by the President
14 or the Administrator as a disaster area fol-
15 lowing the September 11, 2001, terrorist
16 attacks against the United States.

17 “(iii) EXEMPTION FROM ADMINISTRA-
18 TIVE PROCEDURES.—The provisions of
19 chapter 8 and subchapter II of chapter 5,
20 of title 5, United States Code, shall not
21 apply to any increase or waiver by the Ad-
22 ministrator under clause (ii).

23 “(G) DEFINITION OF SUBSTANTIAL ECO-
24 NOMIC INJURY.—In this paragraph, the term
25 ‘substantial economic injury’ means an eco-

1 nomic harm to a small business concern that
2 results in the inability of the small business
3 concern—

4 “(i) to meet its obligations on an on-
5 going basis;

6 “(ii) to pay its ordinary and necessary
7 operating expenses; or

8 “(iii) to market, produce, or provide a
9 product or service ordinarily marketed,
10 produced, or provided by the small busi-
11 ness concern.

12 “(5) INCREASED LOAN CAPS.—

13 “(A) AGGREGATE LOAN AMOUNTS.—Ex-
14 cept as provided in subparagraph (B), and in
15 addition to amounts otherwise authorized by
16 this Act, the loan amount outstanding and com-
17 mitted to a borrower may not exceed—

18 “(i) with respect to a small business
19 concern located in the areas of New York,
20 Virginia, or the contiguous areas des-
21 ignated by the President or the Adminis-
22 trator as a disaster area following the Sep-
23 tember 11, 2001, terrorist attacks per-
24 petrated against the United States—

1 “(I) \$6,000,000 in total obliga-
2 tions under paragraph (1); and

3 “(II) \$6,000,000 in total obliga-
4 tions under paragraph (4); and

5 “(ii) with respect to a small business
6 concern that is not located in an area de-
7 scribed in clause (i) and that is eligible for
8 assistance under paragraph (4),
9 \$5,000,000 in total obligations under para-
10 graph (4).

11 “(B) WAIVER AUTHORITY.—The Adminis-
12 trator may, at the discretion of the Adminis-
13 trator, waive the aggregate loan amounts estab-
14 lished under subparagraph (A).

15 “(6) EXTENDED APPLICATION PERIOD.—Not-
16 withstanding any other provision of law, the Admin-
17 istrator shall accept applications for assistance
18 under paragraphs (1) and (4) until September 10,
19 2002, with respect to small business concerns ad-
20 versely affected by the terrorist attacks perpetrated
21 against the United States on September 11, 2001.

22 “(7) LIMITATION ON SALES OF LOANS.—No
23 loan made under paragraph (1) or (4) made with re-
24 spect to adverse impact as a result of the terrorist

1 attacks of September 11, 2001, shall be sold until 4
2 years after the date of the loan disbursement.

3 “(8) DEFINITION.—For purposes of this
4 subsection—

5 “(A) a small business concern is directly
6 affected by the terrorist attacks perpetrated
7 against the United States on September 11,
8 2001, if it—

9 “(i) is located in or near the World
10 Trade Center or the Pentagon, or in a dis-
11 aster area declared by the President or the
12 Administrator related to those terrorist at-
13 tacks;

14 “(ii) was closed or its business was
15 suspended for National security purposes
16 at the mandate of the Federal Govern-
17 ment; or

18 “(iii) is located in an airport that has
19 been closed; and

20 “(B) a small business concern is indirectly
21 affected by the terrorist attacks perpetrated
22 against the United States on September 11,
23 2001, if it—

24 “(i) supplied or provided services to
25 small businesses that were located in or

1 near the World Trade Center or the Pen-
2 tagon, or in a disaster area declared by the
3 President or the Administrator related to
4 those terrorist attacks;

5 “(ii) is a supplier, service provider, or
6 complementary industry to any affected in-
7 dustry, in particular, the financial, hospi-
8 tality, and travel industries; or

9 “(iii) it is integral to or dependent
10 upon the business of a closed or suspended
11 business or business sector.”.

12 (b) CLERICAL AMENDMENTS.—Section 7(b) of the
13 Small Business Act (15 U.S.C. 636(b)) is amended in the
14 undesignated matter at the end—

15 (1) by striking “, (2), and (4)” and inserting
16 “and (2)”; and

17 (2) by striking “, (2), or (4)” and inserting
18 “(2)”.

19 **SEC. 4. EMERGENCY RELIEF LOAN PROGRAM.**

20 Section 7(a) of the Small Business Act (15 U.S.C.
21 636(a)) is amended by adding at the end the following:

22 “(31) TEMPORARY LOAN AUTHORITY FOL-
23 LOWING TERRORIST ATTACKS.—

24 “(A) IN GENERAL.—During the 1-year pe-
25 riod beginning on the date of enactment of this

1 paragraph, the Administration may make loans
2 under this subsection to a small business con-
3 cern that has suffered, or that is likely to suf-
4 fer, adverse impact.

5 “(B) LOAN TERMS.—With respect to a
6 loan under this paragraph—

7 “(i) for purposes of paragraph (2)(A),
8 participation by the Administration shall
9 be equal to 90 percent of the balance of
10 the financing outstanding at the time of
11 disbursement of the loan;

12 “(ii) no fee may be required or
13 charged under paragraph (18);

14 “(iii) the applicable rate of interest
15 shall not exceed a rate that is one percent-
16 age point above the prime lending rate;

17 “(iv) no such loan shall be made if the
18 total amount outstanding and committed
19 (by participation or otherwise) to the bor-
20 rower under this paragraph—

21 “(I) would exceed \$1,000,000; or

22 “(II) at the discretion of the Ad-
23 ministrator, and upon notice to the
24 Congress, would exceed \$2,000,000,
25 as necessary to provide relief in high-

1 cost areas that have suffered adverse
2 impact; and

3 “(v) upon request of the borrower, re-
4 payment of principal due on a loan made
5 under this paragraph may be deferred dur-
6 ing the 1-year period beginning on the date
7 of issuance of the loan.

8 “(C) APPLICABILITY.—The loan terms de-
9 scribed in subparagraph (B) shall apply to a
10 loan under this paragraph notwithstanding any
11 other provision of this subsection, and except as
12 specifically provided in this paragraph, a loan
13 under this paragraph shall otherwise be subject
14 to the same terms and conditions as any other
15 loan under this subsection.

16 “(D) DEFINITION.—For purposes of this
17 paragraph, the term ‘adverse impact’ means an
18 economic harm to or disruption of the business
19 operations of a small business concern as a di-
20 rect or indirect result of the terrorist attacks
21 perpetrated against the United States on Sep-
22 tember 11, 2001.”.

1 **SEC. 5. BUSINESS LOAN AND INVESTMENT ASSISTANCE**
2 **FOLLOWING TERRORIST ATTACKS.**

3 (a) ONE-YEAR SUSPENSION OF SECTION 7(a)
4 FEES.—Section 7(a)(18) of the Small Business Act (15
5 U.S.C. 636(a)(18)) is amended by adding at the end the
6 following:

7 “(C) ONE-YEAR WAIVER OF FEES FOL-
8 LOWING TERRORIST ATTACKS.—For loans ap-
9 proved on or after the date of enactment of the
10 American Small Business Emergency Relief and
11 Recovery Act of 2001, no fee may be collected
12 or charged under this paragraph, and no fee
13 shall accrue with respect to a borrower, during
14 the 1-year period beginning on that date of en-
15 actment.”.

16 (b) ONE-YEAR INCREASE IN PARTICIPATION LEV-
17 ELS.—Section 7(a)(2) of the Small Business Act (15
18 U.S.C. 636(a)(2)) is amended—

19 (1) in subparagraph (A), by striking “subpara-
20 graph (B)” and inserting “subparagraphs (B) and
21 (E)”; and

22 (2) by adding at the end the following:

23 “(E) TEMPORARY PARTICIPATION LEVELS
24 FOLLOWING TERRORIST ATTACKS.—For loans
25 approved on or after the date of enactment of
26 the American Small Business Emergency Relief

1 and Recovery Act of 2001, during the 1-year
2 period beginning on that date of enactment—

3 “(i) the guarantee percentage speci-
4 fied by subparagraph (A)(i) shall be in-
5 creased to 85 percent; and

6 “(ii) the guarantee percentage speci-
7 fied by subparagraph (A)(ii) shall be in-
8 creased to 90 percent.”.

9 (c) ONE-YEAR SUSPENSION OF SECTION 504
10 FEES.—Section 503 of the Small Business Investment Act
11 of 1958 (15 U.S.C. 697) is amended—

12 (1) in subsection (b)(7)(A), by striking “which
13 amount shall” and inserting “which amount shall
14 not be assessed or collected with respect to
15 financings made on or after the date of enactment
16 of the American Small Business Emergency Relief
17 and Recovery Act of 2001, and no amount shall ac-
18 crue, during the 1-year period beginning on that
19 date of enactment, and which amount shall other-
20 wise”; and

21 (2) in subsection (d)(2), by adding at the end
22 the following: “No fee may be assessed or collected
23 under this paragraph with respect to financings
24 made on or after the date of enactment of the Amer-
25 ican Small Business Emergency Relief and Recovery

1 Act of 2001, and no fee shall accrue, during the 1-
2 year period beginning on that date of enactment.”.

3 (d) BUDGETARY TREATMENT OF LOANS AND
4 FINANCINGS.—Any assistance made available under any
5 loan issued by the Small Business Administration under
6 section 7(a)(31) or 7(b)(4) of the Small Business Act (15
7 U.S.C. 636(a)) or any financings made under title III or
8 V of the Small Business Investment Act of 1958 (15
9 U.S.C. 697a), as a result of this Act and the amendments
10 made by this Act during the 1-year period beginning on
11 the date of enactment of this Act, shall be excluded from
12 any calculation of the subsidy rate with respect to the pro-
13 grams of the Small Business Administration under those
14 provisions for purposes of the Federal Credit Reform Act
15 of 1990.

16 **SEC. 6. APPROVAL PROCESS.**

17 Notwithstanding any other provision of law, and in
18 order to make assistance provided under this Act available
19 to all eligible small business concerns, the Administrator
20 of the Small Business Administration may adopt such ap-
21 proval processes as the Administrator determines to be ap-
22 propriate for the provision of assistance under the amend-
23 ments made by sections 4 and 5.

1 **SEC. 7. ADDITIONAL SBIC AUTHORITY.**

2 Section 303 of the Small Business Investment Act
3 of 1958 (15 U.S.C. 683) is amended by adding at the end
4 the following:

5 “(k) **AUTHORITY AFTER TERRORIST ATTACKS OF**
6 **SEPTEMBER 11, 2001.**—Small business investment com-
7 panies may issue leverage under this title for the purpose
8 of providing assistance to small business concerns ad-
9 versely impacted, directly or indirectly, by the terrorist at-
10 tacks perpetrated against the United States on September
11 11, 2001.”.

12 **SEC. 8. STUDY AND REPORT ON EFFECTS ON SMALL BUSI-**
13 **NESS CONCERNS.**

14 (a) **STUDY.**—

15 (1) **IN GENERAL.**—The Office of Advocacy of
16 the Small Business Administration shall conduct an-
17 nual studies for a 5-year period on the impact of the
18 terrorist attacks perpetrated against the United
19 States on September 11, 2001, on small business
20 concerns, and the effects of assistance provided
21 under this Act on such small business concerns.

22 (2) **CONTENTS.**—The study conducted under
23 paragraph (1) shall include information regarding—

24 (A) bankruptcies and business failures that
25 occurred as a result of the events of September

1 11, 2001, as compared to those that occurred
2 in 1999 and 2000;

3 (B) the loss of jobs, revenue, and profits in
4 small business concerns as a result of those
5 events, as compared to those that occurred in
6 1999 and 2000;

7 (C) the impact of assistance provided
8 under this Act to small business concerns ad-
9 versely affected or adversely impacted by those
10 attacks, including information regarding
11 whether—

12 (i) small business concerns that re-
13 ceived such assistance would have re-
14 mained in business without such assist-
15 ance;

16 (ii) jobs were saved due to such assist-
17 ance;

18 (iii) small business concerns recovered
19 economically from those events; and

20 (iv) small business concerns that re-
21 mained in business had increases in em-
22 ployment and sales since receiving assist-
23 ance.

24 (b) REPORT.—The Office of Advocacy shall submit
25 a report to Congress on the studies required by subsection

1 (a)(1), specifically addressing the requirements of sub-
 2 section (a)(2) in September of each of fiscal years 2002
 3 through 2006.

4 (c) AUTHORIZATION OF APPROPRIATIONS.—There is
 5 authorized to be appropriated to carry out this section
 6 \$125,000 for each of fiscal years 2002 through 2006.

7 **SEC. 9. INCREASED AUTHORIZATIONS OF APPROPRIA-**
 8 **TIONS.**

9 Section 20 of the Small Business Act (15 U.S.C. 631
 10 note) is amended by adding at the end the following:

11 “(j) SPECIAL AUTHORIZATIONS OF APPROPRIATIONS
 12 FOLLOWING TERRORIST ATTACKS.—In addition to any
 13 other amounts authorized by this Act for any fiscal year,
 14 there are authorized to be appropriated to the Administra-
 15 tion, to remain available until expended—

16 “(1) for fiscal year 2002 and each fiscal year
 17 thereafter, such sums as may be necessary to carry
 18 out paragraph (4) of section 7(b), including nec-
 19 essary loan capital and funds for administrative ex-
 20 penses related to making and servicing loans pursu-
 21 ant to that paragraph;

22 “(2) for fiscal year 2002 and each fiscal year
 23 thereafter, such sums as may be necessary to carry
 24 out paragraphs (2)(E), (18)(C), and (31) of section
 25 7(a), including any funds necessary to offset fees

1 and amounts waived under those provisions, nec-
2 essary loan capital, and funds for administrative ex-
3 penses;

4 “(3) for fiscal year 2002, such sums as may be
5 necessary to carry out the 1-year suspension of fees
6 under subsections (b)(7)(A) and (d)(2) of section
7 503 of the Small Business Investment Act of 1958,
8 in response to the acts of terrorism perpetrated
9 against the United States on September 11, 2001,
10 including any funds necessary to offset fees and
11 amounts waived under those provisions and includ-
12 ing funds for administrative expenses; and

13 “(4) for fiscal year 2002, for assistance author-
14 ized by section 303(k) of the Small Business Invest-
15 ment Act of 1958—

16 “(A) \$700,000,000 in purchases of partici-
17 pating securities; and

18 “(B) \$200,000,000 in guarantees of de-
19 bentures.”.

○