I

112TH CONGRESS
2D SESSION

H. R. 5835

To amend the Small Business Act and the Small Business Investment Act of 1958 to provide for additional loan programs for veteran-owned small businesses, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 18, 2012

Mr. BOSWELL introduced the following bill; which was referred to the Committee on Small Business

---

A BILL

To amend the Small Business Act and the Small Business Investment Act of 1958 to provide for additional loan programs for veteran-owned small businesses, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Veterans Access to Capital Act of 2012''.

SEC. 2. LOAN PROGRAM FOR VETERANS FOR CERTAIN PROJECTS.

Section 502 of the Small Business Investment Act of 1958 (15 U.S.C. 696) is amended—

(1) in the matter preceding paragraph (1) by striking ''The Administration'' and inserting ''(a) IN GENERAL.—The Administration''; and

(2) by adding at the end the following:

''(b) LOAN PROGRAM FOR VETERANS.—

''(1) LOAN PROGRAM.—From amounts made available under subsection (a), the Administrator of the Small Business Administration may make loans each fiscal year, totalling not more than 20 percent of such amounts, directly to small business concerns owned and controlled by veterans (as such term is defined in section 3(q)(3) of the Small Business Act (15 U.S.C. 632(q)(3)).

''(2) TERMS AND CONDITIONS.—The Administrator may make loans under this subsection only in accordance with the following:

''(A) USE OF FUNDS.—The proceeds of the loan shall be used only for a project with a sound business purpose approved by the Administration.

"(B) MAXIMUM AMOUNT.—Loans made by the Administration under this subsection shall be limited to—

"(i) $5,000,000, if the loan proceeds will not be directed toward a goal or project described in clause (ii), (iii), (iv), or (v);

"(ii) $5,000,000, if the loan proceeds will be directed toward 1 or more of the public policy goals described under section 501(d)(3);

"(iii) $5,500,000 for each project of a small manufacturer;

"(iv) $5,500,000 for each project that reduces the borrower's energy consumption by at least 10 percent; and

"(v) $5,500,000 for each project that generates renewable energy or renewable fuels, such as biodiesel or ethanol production.

"(C) FUNDING BY THE SMALL BUSINESS CONCERN.—The small business concern (or its owners, stockholders, or affiliates) shall provide—

"(i) at least 15 percent of the total cost of the project financed, if the small business concern has been in operation for a period of 2 years or less;

"(ii) at least 15 percent of the total cost of the project financed if the project involves the construction of a limited or single purpose building or structure;

"(iii) at least 20 percent of the total cost of the project financed if the project involves both of the conditions set forth in clauses (i) and (ii); or

"(iv) at least 10 percent of the total cost of the project financed, in all other circumstances, at the discretion of the Administrator.

"(D) COLLATERALIZATION.—Collateral provided by the small business concern shall be so provided in accordance with the requirements of subsection (a)(3)(E).

"(E) ADDITIONAL REQUIREMENTS.—The small business concern shall comply with the requirements of paragraphs (4), (5), (6), and (7) of subsection (a), except that—

"(i) for purposes of subparagraph (C)(i)(I) of such paragraph (7), the term 'borrower' means a small business concern that submits an application to the Administrator under this subsection; and

"(ii) clauses (iii) through (vi) of such paragraph (7)(C) shall not apply in the case of that small business concern.

"(3) DEFINITION.—As used in this subsection, the term 'small manufacturer' means a small business concern—

"(A) the primary business of which is classified in sector 31, 32, or 33 of the North American Industrial Classification System; and

"(B) all of the production facilities of which are located in the United States.".

SEC. 3. LOAN PROGRAM FOR VETERANS.

Section 7(a) of the Small Business Act is amended by adding at the end the following:

"(36) LOAN PROGRAM FOR VETERANS.—Not more than 20 percent of loans made under this subsection in a fiscal year may be loans under this paragraph. The Administrator may make loans each fiscal year to small business concerns owned and controlled by veterans (as such term is defined in section 3(q)(3)) in the same manner as loans otherwise made under this subsection, except that such loans may only be made directly by the Administrator to the small business concern.''.

SEC. 4. VETERAN CREDIT SCORE RELIEF.

(a) SMALL BUSINESS ACT.—The Small Business Act (15 U.S.C. 631 et seq.) is amended by redesignating section 45 as section 46 and inserting after section 44 the following:

''SEC. 45. VETERAN CREDIT SCORE RELIEF.

''For purposes of loans or loan guarantees under this Act to small business concerns owned and controlled by veterans or to small business concerns owned and controlled by service-disabled veterans, if a veteran has complied with such conditions as the Administrator may by rule require, the Administrator shall reduce any applicable requirement relating to a veteran's credit score. No decrease in credit score attributable to a violation of the Servicemembers Civil Relief Act (50 U.S.C. App. 501 et seq.) shall apply.''.

(b) SMALL BUSINESS INVESTMENT ACT OF 1958.—Title I of the Small Business Investment Act of 1958 (15 U.S.C. 661 et seq.) is amended by inserting after section 103 the following:

"SEC. 104. VETERAN CREDIT SCORE RELIEF.

"For purposes of loans or loan guarantees under this Act to small business concerns owned and controlled by veterans or to small business concerns owned and controlled by service-disabled veterans, if a veteran has complied with such conditions as the Administrator may by rule require, the Administrator shall reduce any applicable requirement relating to a veteran's credit score. No decrease in credit score attributable to a violation of the Servicemembers Civil Relief Act (50 U.S.C. App. 501 et seq.) shall apply.".

○