115TH CONGRESS
1ST SESSION

H. R. 2488

To provide for small business concerns located in Puerto Rico, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 17, 2017

Ms. VELÁZQUEZ (for herself, Miss GONZÁLEZ-COLÓN of Puerto Rico, Mr. SERRANO, Mr. MACARTHUR, Mr. SOTO, Mr. DUFFY, and Mrs. MURPHY of Florida) introduced the following bill; which was referred to the Committee on Small Business

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A BILL

To provide for small business concerns located in Puerto Rico, 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 ''Puerto Rico Small Business Assistance Act of 2017''.

SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

SEC. 3. DEFINITIONS.

(a) THIS ACT.—In this subtitle:

(1) ADMINISTRATOR.—The term "Administrator" means the Administrator of the Small Business Administration.

(2) OVERSIGHT BOARD TERMINATION DATE.—The term "Oversight Board termination date" means the date on which the Oversight Board established under section 101 of the Puerto Rico Oversight, Management, and Economic Stability Act (48 U.S.C. 2121) terminates.

(3) PUERTO RICO.—The term "Puerto Rico" means the Commonwealth of Puerto Rico.

(4) PUERTO RICO BUSINESS.—The term "Puerto Rico business" means a small business concern

that has its principal office located in the Commonwealth of Puerto Rico.

(5) SMALL BUSINESS CONCERN.—The term ''small business concern'' has the meaning given such term under section 3 of the Small Business Act (15 U.S.C. 632).

(b) SMALL BUSINESS ACT.—Section 3 of the Small Business Act (15 U.S.C. 632) is amended by adding at the end the following:

''(ee) PUERTO RICO BUSINESS.—In this Act, the term 'Puerto Rico business' means a small business concern that has its principal office located in the Commonwealth of Puerto Rico.''.

TITLE I—LENDING

SEC. 101. MICROLOAN PROGRAM FOR PUERTO RICO SMALL BUSINESS CONCERNS.

(a) INCREASE IN ACCESS TO CAPITAL FOR CERTAIN INTERMEDIARIES.—Section 7(m)(3)(C) of the Small Business Act (15 U.S.C. 636(m)(3)(C)) is amended—

(1) by inserting ''and except as provided in clause (ii)'' after ''subsection (a)(3)'';

(2) by striking ''Notwithstanding'' and inserting the following:

''(i) IN GENERAL.—Notwithstanding''; and

(3) by adding at the end the following:

"(ii) EXCEPTION FOR CERTAIN PUERTO RICO BUSINESSES.—

"(I) IN GENERAL.—No loan shall be made under this subsection if the total amount outstanding and committed to 1 covered intermediary (excluding outstanding grants) from the business loan and investment fund established by this Act would, as a result of such loan, exceed $6,000,000 in the remaining years of the covered intermediary's participation in the program.

"(II) DEFINITION.—In this clause, the term 'covered intermediary' means an intermediary that—

"(aa) is participating in the program; and

"(bb) submits to the Administrator a certification that not less than 20 percent of the microloans made by the intermediary under this subsection, during such period as the Administrator may specify, will be made to Puerto Rico businesses.''.

(b) WAIVER OF 25/75 RULE FOR MICROLOANS TO PUERTO RICO SMALL BUSINESS CONCERNS.—

(1) WAIVER AUTHORIZED.—Section 7(m)(4)(E) of the Small Business Act (15 U.S.C. 636(m)(4)(E)) is amended—

(A) in clause (i), by striking ''Each'' and inserting ''Except as provided in clause (iii), each''; and

(B) by adding at the end the following:

''(iii) EXCEPTION FOR CERTAIN INTERMEDIARIES.—The Administrator shall waive the requirements of clause (i) for an intermediary for which not less than 25 percent of the loans made by the intermediary are made to Puerto Rico businesses.''.

(2) STUDY.—Not later than 18 months after the date of enactment of this Act, the Administrator shall submit to Congress a report on the impact of waiving the requirements of section 7(m)(4)(E)(i) of the Small Business Act for all intermediaries receiving grant funds under section 7(m)(1)(B)(ii) of the

Small Business Act, which shall include an analysis of the effectiveness and feasibility of expanding the waiver to small business concerns nationwide.

(c) PROSPECTIVE REPEAL.—Subsections (a) and (b) shall be repealed, and the provisions of law amended by such subsections shall be restored as if such subsections had not been enacted, on the Oversight Board termination date.

(d) GAO STUDY.—Not later than 180 days after the date of enactment of this Act, the Comptroller General of the United States shall complete a study and submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives a report on the following:

(1) The operations (including services provided, structure, size, and area of operation) of a representative sample of—

(A) intermediaries that are eligible for participation in the microloan program under section 7(m) of the Small Business Act (15 U.S.C. 636(m)) and that participate in the microloan program; and

(B) intermediaries (including those operated for profit, operated as nonprofit organizations, and affiliated with a United States institution of higher learning (as defined in section 3452 of title 38, United States Code) that are so eligible and that do not participate in the microloan program.

(2) The reasons why intermediaries described in paragraph (1)(B) choose not to participate in the microloan program.

(3) Recommendations on how to encourage increased participation in the microloan program by intermediaries described in paragraph (1)(B).

(4) Recommendations for increasing the number of intermediaries located in the territories of the United States or in economically distressed areas (as defined in section 7(m)(11)(D) of the Small Business Act (15 U.S.C. 636(m)(11)(D)) that are eligible for participation in the microloan program under section 7(m) of such Act.

(5) Recommendations on how to decrease the costs associated with participation in the microloan program for eligible intermediaries.

SEC. 102. FEE REDUCTIONS.

(a) ADMINISTRATIVE PROVISIONS FOR THE SMALL BUSINESS ADMINISTRATION.—

(1) DEFINITION.—In this subsection, the term ‘‘covered business loan’’ means a loan—

(A) of not more than $2,000,000;

(B) that is guaranteed by the Administrator under section 7(a) of the Small Business Act (15 U.S.C. 636(a));

(C) for which the application is approved on or after the date of enactment of this Act; and

(D) that is made to a Puerto Rico business.

(2) FEES.—During the period beginning on the date of enactment of this Act and ending on the Oversight Board termination date, and to the extent that the cost of such elimination or reduction of fees is offset by appropriations, with respect to each covered business loan, the Administrator shall—

(A) in lieu of the fee otherwise applicable under section 7(a)(23)(A) of the Small Business Act, collect no fee or reduce fees to the maximum extent possible; and

(B) in lieu of the fee otherwise applicable under section 7(a)(18)(A) of the Small Business Act, collect no fee or reduce fees to the maximum extent possible.

(b) TEMPORARY FEE ELIMINATION FOR THE 504 LOAN PROGRAM.—

(1) IN GENERAL.—During the period beginning on the date of enactment of this Act and ending on the Oversight Board termination date, and to the extent the cost of such elimination in fees is offset by appropriations, with respect to each loan of not more than $2,000,000 guaranteed by the Administrator under title V of the Small Business Investment Act of 1958 (15 U.S.C. 695 et seq.) with respect to a development company that has its principal office located in Puerto Rico and for which an application is approved or pending approval on or after the date of enactment of this Act—

(A) the Administrator shall, in lieu of the fee otherwise applicable under section 503(d)(2) of the Small Business Investment Act of 1958 (15 U.S.C. 697(d)(2)), collect no fee; and

(B) a development company shall, in lieu of the processing fee under section 120.971(a)(1) of title 13, Code of Federal Regulations (relating to fees paid by borrowers), or any successor thereto, collect no fee.

(2) REIMBURSEMENT FOR WAIVED FEES.—

(A) IN GENERAL.—To the extent that the cost of such payments is offset by appropriations, the Administrator shall reimburse each development company that does not collect a processing fee under paragraph (1)(B).

(B) AMOUNT.—The reimbursement to a development company under subparagraph (A) shall be in an amount equal to 1.5 percent of the net debenture proceeds for which the development company does not collect a processing fee under paragraph (1)(B).

(c) APPLICATION OF FEE ELIMINATIONS.—To the extent that amounts are made available to the Administrator for the purpose of fee eliminations or reductions under subsection (a), the Administrator shall—

(1) first use any amounts provided to eliminate or reduce fees paid by borrowers under clauses (i), (ii), and (iii) of section 7(a)(18)(A) of the Small Business Act (15 U.S.C. 636(a)(18)(A)), to the maximum extent possible;

(2) to the extent amounts provided remain after use in accordance with paragraph (1), use any amounts provided to eliminate or reduce fees under section 7(a)(23)(A) of the Small Business Act (15 U.S.C. 636(a)(23)(A)) paid by lenders with assets of not more than $1,000,000,000, as of the date of enactment of this Act; and

(3) to the extent amounts provided remain after use in accordance with paragraphs (1) and (2), use any remaining amounts provided to reduce fees under section 7(a)(23)(A) of the Small Business Act paid by lenders other than those described under paragraph (2).

SEC. 103. ECONOMIC STIMULUS LENDING PROGRAM FOR SMALL BUSINESSES.

(a) AUTHORITY.—Notwithstanding section 7(a) of the Small Business Act (15 U.S.C. 636(a)), for a qualifying small business loan the Administrator may guarantee not more than 90 percent of the balance of the financing outstanding at the time of disbursement of the loan, if such balance is less than or equal to $2,000,000.

(b) QUALIFYING SMALL BUSINESS LOAN DEFINED.—For purposes of this section, the term ''qualifying small business loan'' means any loan to a Puerto Rico business made pursuant to section 7(a) of the Small Business Act (15 U.S.C. 636(a)), except for such loans made under section 7(a)(31) of such Act (15 U.S.C. 636(a)(31)).

(c) QUALIFIED BORROWERS.—

(1) ALIENS UNLAWFULLY PRESENT IN THE UNITED STATES.—The Administrator may not guarantee a loan made under this section to a small busi-

ness concern if an individual who is an alien unlawfully present in the United States—

(A) has an ownership interest in that concern; or

(B) has an ownership interest in another concern that itself has an ownership interest in that concern.

(2) FIRMS IN VIOLATION OF IMMIGRATION LAWS.—The Administrator may not guarantee a loan made under this section to any entity, based on a determination by the Secretary of Homeland Security or the Attorney General, found to have engaged in a pattern or practice of hiring, recruiting, or referring for a fee for employment in the United States an alien, if such entity knows that the person is an unauthorized alien.

(d) CRIMINAL BACKGROUND CHECKS.—Prior to guaranteeing a loan made under this section, the Administrator may verify the applicant's criminal background, or lack thereof, through the best available means, including, if possible, use of the National Crime Information Center computer system at the Federal Bureau of Investigation.

(e) APPLICATION OF OTHER LAW.—Nothing in this section shall be construed to exempt any activity of the

Administrator under this section from the Federal Credit Reform Act of 1990.

(f) SMALL BUSINESS ACT PROVISIONS.—Except as otherwise provided in this section, the requirements of section 7 of the Small Business Act (and regulations promulgated thereunder) applicable to loan guarantees on or before the date of enactment of this Act shall apply to loan guarantees made under this section.

(g) SUNSET.—The Administrator may not guarantee a loan made under this section after the Oversight Board termination date.

SEC. 104. CONTRIBUTION PERCENTAGES FOR 504 PROJECTS.

Notwithstanding section 502(3) of the Small Business Investment Act of 1958 (15 U.S.C. 696(3)), during the period beginning on the date of enactment of this Act and ending on the Oversight Board termination date, the Administrator may guarantee a debenture issued by a development company that has its principal office located in Puerto Rico if, of the total cost of the project financed—

(1) 50 percent is derived from a loan from a private sector lender;

(2) 45 percent is derived from a loan made from the proceeds of such debenture issued by the development company; and

(3) 5 percent is provide by the borrower of such loans.

SEC. 105. INDEPENDENT SUBSIDY CALCULATION.

In making calculations under section 7(a)(26) of the Small Business Act (15 U.S.C. 636(a)(26)) or section 503(g) of the Small Business Investment Act of 1958 (15 U.S.C. 697(g)), the Director of the Office of Management and Budget shall make such calculations separately for loans purchased or guaranteed under the authority under section 102, 103, or 104 of this Act.

TITLE II—PROCUREMENT

SEC. 201. CONTRACTING PREFERENCE FOR PUERTO RICO BUSINESSES.

Section 15 of the Small Business Act (15 U.S.C. 644) is amended by adding at the end the following:

''(u) CONTRACTING PREFERENCE FOR PUERTO RICO BUSINESSES.—

''(1) CONTRACTING PREFERENCE.—An agency shall provide a contracting preference for a Puerto Rico business during the period beginning on the date of enactment of this subsection and ending on the date on which the Oversight Board established under section 101 of the Puerto Rico Oversight, Management, and Economic Stability Act (48 U.S.C. 2121) terminates. The preference under this subsection shall take priority over any preference for purchasing from the procurement list established pursuant to section 8503 of title 41, United States Code, or the Federal Prison Industries catalog described under section 4124(d) of title 18, United States Code.

"(2) CREDIT FOR MEETING CONTRACTING GOALS.—If an agency awards a contract to a Puerto Rico business as described in paragraph (1), the value of the contract shall be doubled for purposes of determining compliance with the goals for procurement contracts under subsection (g)(1)(A).".

SEC. 202. PRIORITY FOR SURPLUS PROPERTY TRANSFERS.

Section 7(j)(13)(F) of the Small Business Act (15 U.S.C. 636(j)(13)(F)) is amended by adding at the end the following:

"(iii)(I) In this clause, the term 'covered period' means the period beginning on the date of enactment of this clause and ending on the date on which the Oversight Board established under section 101 of the Puerto Rico Oversight, Management, and Economic Stability Act (48 U.S.C. 2121) terminates.

"(II) The Administrator may transfer technology or surplus property under clause (i) on a priority basis to a Puerto Rico business if the Puerto Rico business meets the requirements for such a transfer, without regard to whether the Puerto Rico business is a Program Participant.''.

SEC. 203. SUBCONTRACTING INCENTIVES FOR PROTEGE FIRMS THAT ARE PUERTO RICO BUSINESSES.

Section 45(a) of the Small Business Act (15 U.S.C. 657r(a)) is amended by adding at the end the following:

''(3) PUERTO RICO BUSINESSES.—

''(A) IN GENERAL.—During the period beginning on the date of enactment of this paragraph and ending on the date on which the Oversight Board established under section 101 of the Puerto Rico Oversight, Management, and Economic Stability Act (48 U.S.C. 2121) terminates, the Administrator shall provide additional incentives to covered mentors, including providing additional credit for subcontracts awarded to covered proteges and costs incurred for providing training to covered proteges.

''(B) DEFINITIONS.—In this paragraph—

''(i) the term 'covered mentor' means a mentor that enters into an agreement under this Act, or under any mentor-protege program approved under subsection (b)(1), with a covered protege; and

"(ii) the term 'covered protege' means a protege—

"(I) of a covered mentor; and

"(II) that has its principal office located in the Commonwealth of Puerto Rico.".

SEC. 204. ADDITIONAL MENTOR-PROTEGE RELATIONSHIPS FOR PROTEGE FIRMS THAT ARE PUERTO RICO BUSINESSES.

Section 45(b)(3)(A) of the Small Business Act (15 U.S.C. 657r(b)(3)(A)) is amended by inserting ", except that such restrictions shall not apply to a relationship that was entered into before the date on which the Oversight Board established under section 101 of the Puerto Rico Oversight, Management, and Economic Stability Act (48 U.S.C. 2121) terminates and in which the principal office of the protege is located in the Commonwealth of Puerto Rico" after "each participant".

TITLE III—ENTREPRENEURIAL DEVELOPMENT

SEC. 301. VETERAN BUSINESS OUTREACH CENTER IN PUERTO RICO.

(a) IN GENERAL.—Section 32 of the Small Business Act (15 U.S.C. 657b) is amended—

(1) by redesignating subsection (f) as subsection (g); and

(2) by inserting after subsection (e) the following:

"(f) VETERAN BUSINESS OUTREACH CENTER IN PUERTO RICO.—The Administrator shall partner with an organization to establish a Veteran Business Outreach Center in the Commonwealth of Puerto Rico to provide entrepreneurial development services to small business concerns owned and controlled by service-disabled veterans and small business concerns owned and controlled by veterans located in the Commonwealth of Puerto Rico. If the Administrator cannot partner with an organization, the Administrator shall use amounts appropriated to carry out this subsection to provide such services to veterans who own or are considering starting a Puerto Rico business.".

(b) PROSPECTIVE REPEAL.—Subsection (a) shall be repealed, and the provisions of law amended by such subsection shall be restored as if such subsection had not been enacted, on the Oversight Board termination date.

SEC. 302. FAST GRANT PROGRAM FOR PUERTO RICO.

(a) IN GENERAL.—Section 34 of the Small Business Act (15 U.S.C. 657d) is amended by adding at the end the following:

"(j) FAST GRANT PROGRAM FOR PUERTO RICO.—

"(1) ESTABLISHMENT.—The Administrator shall establish a program that shall be part of the FAST program to make awards to, or enter into cooperative agreements with, a Puerto Rico business.

"(2) TECHNICAL ASSISTANCE.—If no applicant is selected to receive assistance under this subsection, the Administrator shall use amounts appropriated to carry out this subsection to provide business advice and counseling to a Puerto Rico business.

"(3) WAIVER OF MATCHING REQUIREMENTS.—The Administrator may, upon application, waive the matching requirements under subsection (e)(2) for an applicant that receives an award or has in effect a cooperative agreement under this subsection.

"(4) FUNDING.—There is authorized to be appropriated $100,000 for fiscal year 2017, and each fiscal year thereafter, to carry out this subsection.".

(b) PROSPECTIVE REPEAL.—Subsection (a) shall be repealed, and the provisions of law amended by such subsection shall be restored as if such subsection had not been enacted, on the Oversight Board termination date.

TITLE IV—SMALL BUSINESS ADMINISTRATION OVERSIGHT

SEC. 401. REQUIREMENT FOR THE DISTRICT DIRECTOR OF PUERTO RICO.

(a) IN GENERAL.—During the period beginning on the date of enactment of this Act and ending on the Oversight Board termination date, the director of the district office of the Small Business Administration located in Puerto Rico shall submit directly to Congress and the Administrator an annual report on the activities of the Small Business Administration in Puerto Rico.

(b) COORDINATION.—In preparing each report described in subsection (a), the director described in such subsection shall consult with other Federal agencies to collect data on grants, programs, and outreach activities carried out by such agencies that affect any Puerto Rico business.

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