

115TH CONGRESS
2D SESSION

S. 2378

To amend the Internal Revenue Code of 1986 to provide an exclusion from gross income for interest on certain small business loans.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 6, 2018

Mr. ROUNDS introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide an exclusion from gross income for interest on certain small business loans.

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 “Access Business Credit
5 Act of 2018”.

6 **SEC. 2. EXCLUSION OF INTEREST ON CERTAIN SMALL BUSI-**
7 **NESS LOANS.**

8 (a) IN GENERAL.—Part III of subchapter B of chap-
9 ter 1 of the Internal Revenue Code of 1986 is amended
10 by inserting after section 139G the following new section:

1 **“SEC. 139H. INTEREST ON CERTAIN SMALL BUSINESS**
 2 **LOANS.**

3 “(a) IN GENERAL.—In the case of a bank described
 4 in subsection (c), gross income shall not include qualified
 5 interest received from a small business during the taxable
 6 year.

7 “(b) QUALIFIED INTEREST.—The term ‘qualified in-
 8 terest’ means, with respect to a small business, interest
 9 on indebtedness of not more than \$5,000,000—

10 “(1) secured by land situated in the United
 11 States that is used or held by the small business in
 12 connection with the active conduct of a farming
 13 business, or

14 “(2) incurred in the ordinary course of the
 15 trade or business of the small business.

16 “(c) BANK DESCRIBED.—

17 “(1) IN GENERAL.—A bank is described in this
 18 subsection if the bank has less than
 19 \$50,000,000,000 in assets at the close of the pre-
 20 ceding taxable year.

21 “(2) BANK DEFINED.—For purposes of this
 22 subsection—

23 “(A) IN GENERAL.—The term ‘bank’
 24 means—

25 “(i) any financial institution described
 26 in section 581 or 591, and

1 “(ii) a corporation which, under the
 2 laws of the State of its incorporation, is
 3 subject to supervision and examination by
 4 the Commissioner of Banking or other offi-
 5 cer of such State in charge of the adminis-
 6 tration of the banking laws of such State.

7 “(B) HOLDING COMPANY.—The term
 8 ‘bank’ includes—

9 “(i) any bank holding company (with-
 10 in the meaning of section 2(a) of the Bank
 11 Holding Company Act of 1956), and

12 “(ii) any subsidiary of a financial in-
 13 stitution described in section 581 or 591 or
 14 of any bank holding company if such sub-
 15 sidiary is predominantly engaged (directly
 16 or indirectly) in the active conduct of a
 17 banking, financing, or similar business.

18 “(d) SMALL BUSINESS.—The term ‘small business’
 19 means a small business concern as defined under section
 20 3 of the Small Business Act (15 U.S.C. 632).

21 “(e) FARMING BUSINESS.—The term ‘farming busi-
 22 ness’ has the meaning given such term by section
 23 263A(e)(4).”.

24 (b) CLERICAL AMENDMENT.—The table of sections
 25 for part III of subchapter B of chapter 1 of such Code

1 is amended by inserting after the item relating to section
2 139G the following new item:

“Sec. 139H. Interest on certain small business loans.”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to interest received in taxable years
5 beginning after December 31, 2017.

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