

116TH CONGRESS
2D SESSION

H. R. 6078

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 15, 2020

Received; read twice and referred to the Committee on Small Business and
Entrepreneurship

AN ACT

To amend the Small Business Act to increase transparency
and to enhance the use of microloans in rural areas,
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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Microloan Trans-
3 parency and Accountability Act of 2020”.

4 **SEC. 2. ASSISTANCE FOR INTERMEDIARIES SERVING**
5 **RURAL AREAS.**

6 Section 7(m) of the Small Business Act (15 U.S.C.
7 636(m)) is amended—

8 (1) by amending paragraph (4)(C)(i) to read as
9 follows:

10 “(i) Each intermediate shall be eligi-
11 ble to receive a grant equal to 5 percent of
12 the total outstanding balance of loans
13 made to the intermediary under this sub-
14 section, in addition to grants made under
15 subparagraph (A), if the intermediary has
16 either—

17 “(I) a portfolio of loans made
18 under this subsection that averages
19 not more than \$10,000 during the pe-
20 riod of the intermediary’s participa-
21 tion in the program;

22 “(II) a portfolio of loans made
23 under this subsection of which not
24 less than 25 percent are made to
25 small business concerns located in or

1 owned by one or more residents of an
2 economically distressed area; or

3 “(III) a portfolio of loans made
4 under this subsection of which not
5 less than 25 percent is serving rural
6 areas during the period of the
7 intermediary’s participation in the
8 program.”; and

9 (2) in paragraph (11)—

10 (A) in subparagraph (C)(ii), by striking all
11 after the semicolon and inserting “and”; and

12 (B) by striking all after subparagraph (C),
13 and inserting the following:

14 “(D) the term ‘economically distressed
15 area’, as used in paragraph (4), means a county
16 or equivalent division of local government of a
17 State in which the small business concern is lo-
18 cated, in which, according to the most recent
19 data available from the Bureau of the Census,
20 Department of Commerce, not less than 40 per-
21 cent of residents have an annual income that is
22 at or below the poverty level.”.

23 **SEC. 3. PORTFOLIO RISK ANALYSIS OF MICROLOANS.**

24 Section 7(m)(10) of the Small Business Act (15
25 U.S.C. 636(m)(10)) is amended—

1 (1) by redesignating subparagraphs (A) through
2 (F) as clauses (i) through (vi), respectively, and ad-
3 justing the margins accordingly;

4 (2) by amending clause (iv), as so redesignated,
5 to read as follows:

6 “(vi) the number, amount, and per-
7 centage of microloans made by inter-
8 mediaries to small business concerns—

9 “(I) that went into default in the
10 previous year; and

11 “(II) that were charged off in the
12 previous year by such inter-
13 mediaries;”;

14 (3) in clause (vi), as so redesignated, by strik-
15 ing “and” at the end;

16 (4) by redesignating subparagraph (G) as
17 clause (xviii), and adjusting the margin accordingly;

18 (5) by striking “On November 1, 1995,” and all
19 that follows through “the following:” and inserting
20 the following:

21 “(A) IN GENERAL.—Beginning on Feb-
22 ruary 1, 2021, and annually thereafter, the Ad-
23 ministrators shall submit to the Committee on
24 Small Business and Entrepreneurship of the
25 Senate and the Committee on Small Business

1 of the House of Representatives, and make
2 available to the public on the website of the Ad-
3 ministration, a report on the effectiveness of
4 the microloan program during the fiscal year
5 preceding the date of the report. Such report
6 shall include—”;

7 (6) in subparagraph (A), as so designated, by
8 inserting after clause (vi) the following new clauses:

9 “(vii) the number and type of enforce-
10 ment actions taken by the Administrator
11 against noncompliant intermediaries;

12 “(viii) an analysis of compliance by
13 intermediaries with the credit availability
14 requirements of paragraph (3)(E) for loans
15 in an amount greater than \$20,000;

16 “(ix) the extent to which microloans
17 are provided to small business concerns in
18 rural areas;

19 “(x) the number of underserved bor-
20 rowers, as defined by the Administration,
21 participating in the microloan program;

22 “(xi) the average rate of interest for
23 each microloan;

24 “(xii) the average amount of fees
25 charged for each microloan;

1 “(xiii) the average size of each
2 microloan, including—

3 “(I) the number of loans made in
4 an amount greater than \$20,000; and

5 “(II) the average size and
6 charge-off rate of such loans;

7 “(xiv) the subsidy cost to the Admin-
8 istration;

9 “(xv) the number and percentage of
10 microloans that were made to refinance
11 other loans;

12 “(xvi) the number and percentage of
13 microloans made to new program partici-
14 pants and the number and percentage of
15 microloans made to previous program par-
16 ticipants;

17 “(xvii) the average amount of tech-
18 nical assistance grant monies spent on
19 each loan; and”;

20 (7) by adding at the end the following:

21 “(B) PRIVACY.—Each report submitted
22 under subparagraph (A) shall not contain any

1 personally identifiable information of any bor-
2 rower.”.

Passed the House of Representatives September 14,
2020.

Attest: CHERYL L. JOHNSON,
Clerk.