

117TH CONGRESS  
1ST SESSION

# S. 1736

To amend the Small Business Act to address the participation of cooperatives in the program carried out under section 7(a) of that Act, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

MAY 20, 2021

Mr. HICKENLOOPER introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

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## A BILL

To amend the Small Business Act to address the participation of cooperatives in the program carried out under section 7(a) of that Act, 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 “Capital for Coopera-  
5 tives Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

8 (1) Cooperative businesses operate on the basis  
9 of 1 member, 1 vote.

1           (2) Cooperatives have helped to improve the  
2           economic conditions of the people of the United  
3           States for more than a century by increasing com-  
4           petition and helping small players gain parity in the  
5           market.

6           (3) Research has shown that cooperatives are  
7           more resilient to economic business cycles than other  
8           business models because cooperatives require mem-  
9           ber-owners of the cooperative to work together and  
10          prepare for the future.

11          (4) The mission of the Small Business Adminis-  
12          tration (referred to in this Act as the “Administra-  
13          tion”) is to help the people of the United States  
14          start, build, and grow businesses.

15          (5) The requirement of the Administration that  
16          some borrowers provide a personal guarantee with  
17          respect to certain Administration loans has pre-  
18          vented cooperatives from accessing the safe and af-  
19          fordable financing available from the Administration.

20 **SEC. 3. COOPERATIVES.**

21          (a) IN GENERAL.—Section 7(a)(15)(B)(iv) of the  
22          Small Business Act (15 U.S.C. 636(a)(15)(B)(iv)) is  
23          amended—

1 (1) in the matter preceding subclause (I), by  
2 striking “, or to a cooperative in accordance with  
3 paragraph (35)”; and

4 (2) in subclause (I), by striking “or coopera-  
5 tive”.

6 (b) SBA RESPONSIBILITIES.—

7 (1) DEFINITIONS.—In this subsection:

8 (A) ADMINISTRATOR.—The term “Admin-  
9 istrator” means the Administrator of the Ad-  
10 ministration.

11 (B) COOPERATIVE.—The term “coopera-  
12 tive” has the meaning given the term in section  
13 7(a)(35) of the Small Business Act (15 U.S.C.  
14 636(a)(35)).

15 (C) PROGRAM.—The term “Program”  
16 means the program carried out under section  
17 7(a) of the Small Business Act (15 U.S.C.  
18 636(a)).

19 (D) SMALL BUSINESS CONCERN.—The  
20 term “small business concern” has the meaning  
21 given the term in section 3(a) of the Small  
22 Business Act (15 U.S.C. 632(a)).

23 (E) WORKING GROUP.—The term “Work-  
24 ing Group” means the interagency working  
25 group coordinated and chaired by the Secretary

1 of Agriculture pursuant to section 310B(e)(12)  
2 of the Consolidated Farm and Rural Develop-  
3 ment Act (7 U.S.C. 1932(e)(12)), as amended  
4 by subsection (c).

5 (2) COORDINATION; AMENDMENTS TO RULES;  
6 REPORT.—The Administrator shall—

7 (A) beginning not later than 60 days after  
8 the date of enactment of this Act, coordinate  
9 and participate with the Working Group to—

10 (i) develop recommendations regard-  
11 ing how the Administrator can coordinate  
12 with the heads of other Federal agencies to  
13 promote, support, and increase the number  
14 of cooperatives; and

15 (ii) ensure coordination between the  
16 Administrator and—

17 (I) other Federal agencies; and

18 (II) national and local organiza-  
19 tions representing cooperatives and  
20 small business concerns;

21 (B) not later than 180 days after the date  
22 of enactment of this Act—

23 (i) amend the rules of the Administra-  
24 tion with respect to guarantees for loans

1           made to cooperatives under the Program,  
2           which may include—

3                   (I) requiring the Administrator  
4                   to guarantee a loan made to a cooper-  
5                   ative under the Program if the lender  
6                   with respect to the loan can dem-  
7                   onstrate that the cooperative is able to  
8                   repay the loan; and

9                   (II) establishing lending criteria  
10                  for cooperatives under the Program  
11                  that are not based on personal or en-  
12                  tity guarantees provided by the mem-  
13                  ber-owners of the cooperative; and

14                  (ii) submit to Congress a report docu-  
15                  menting the amendments made under  
16                  clause (i); and

17                  (C) not later than 1 year after the date of  
18                  enactment of this Act, submit to Congress a re-  
19                  port regarding—

20                   (i) education regarding cooperatives  
21                   that the Administrator has provided to—

22                           (I) officials of the Administra-  
23                           tion;

24                           (II) lenders participating in the  
25                           Program; and

1 (III) small business development  
 2 centers described in section 21 of the  
 3 Small Business Act (15 U.S.C. 648);  
 4 and

5 (ii) during the period beginning on the  
 6 date of enactment of this Act and ending  
 7 on the date on which the report is sub-  
 8 mitted—

9 (I) the number of applications  
 10 submitted by cooperatives for loans  
 11 under the Program; and

12 (II) the number of applications  
 13 received under subclause (I) that were  
 14 approved by the Administrator.

15 (c) INTERAGENCY WORKING GROUP ON COOPERA-  
 16 TIVE DEVELOPMENT.—Section 310B(e)(12) of the Con-  
 17 solidated Farm and Rural Development Act (7 U.S.C.  
 18 1932(e)(12)) is amended—

19 (1) by striking “Not later” and inserting the  
 20 following:

21 “(A) IN GENERAL.—Not later”; and

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

23 “(B) MEETINGS.—The interagency work-  
 24 ing group described in subparagraph (A)—

25 “(i) shall meet—

1                   “(I) at such times determined  
2                   necessary by the Secretary; and

3                   “(II) not less frequently than bi-  
4                   annually; and

5                   “(ii) may conduct meetings in person  
6                   or through the use of electronic re-  
7                   sources.”.

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