

118TH CONGRESS
2D SESSION

H. R. 10242

To amend the Small Business Act to modify requirements relating to certain employee-owned businesses, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 21, 2024

Ms. VELÁZQUEZ introduced the following bill; which was referred to the Committee on Small Business

A BILL

To amend the Small Business Act to modify requirements relating to certain employee-owned businesses, 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 “Main Street Employee
5 Ownership 2.0 Act of 2024”.

6 **SEC. 2. PROHIBITION OF SELLER GUARANTEES.**

7 Section 7(a)(15)(B)(iv) of the Small Business Act
8 (15 U.S.C. 636(a)(15)(B)(iv)) is amended to read as fol-
9 lows:

“(iv) with respect to a loan made to a trust or to a cooperative in accordance with paragraph (35), a seller of the small business concern may remain involved as an officer, director, or key employee of the small business concern after a qualified employee trust or cooperative has acquired 100 percent of ownership of the small business concern.”.

SEC. 3. PROHIBITION OF CERTAIN REQUIREMENTS RELATING TO LENDING TO QUALIFIED EMPLOYEE TRUSTS AND COOPERATIVES.

Section 7(a)(15) of the Small Business Act (15 U.S.C. 636(a)(15)(G)) is amended by striking subparagraph (G) and inserting the following new subparagraphs::

“(G) With respect to a loan made to a qualified employee trust under this paragraph or to a cooperative in accordance with paragraph (35), the Administrator—

“(i) may not, as a condition of such loan—

“(I) require the qualified employee trust or cooperative to provide any mandatory equity;

“(II) require the qualified employee trust or cooperative to obtain from the Secretary of the Treasury a determination

1 letter with respect to its status as a quali-
2 fied employee trust or cooperative (as ap-
3 plicable); or

4 “(III) require the qualified employee
5 trust or cooperative to obtain or submit an
6 additional valuation of the qualified em-
7 ployee trust or cooperative (as applicable)
8 if the qualified employee trust or coopera-
9 tive has already obtained a valuation from
10 a third party pursuant to any Federal law;
11 and

12 “(ii) shall allow the qualified employee
13 trust or cooperative to submit an opinion letter
14 with respect to its status as a qualified em-
15 ployee trust or cooperative (as applicable) at
16 any time.”.

17 **SEC. 4. PROHIBITION OF PERSONAL OR ENTITY GUAR-**
18 **ANTEE REQUIREMENT.**

19 Section 7(a)(35)(B) of the Small Business Act (15
20 U.S.C. 636(a)(35)(B)) is amended to read as follows:

21 “(B) AUTHORITY.—

22 “(i) IN GENERAL.—The Administrator
23 shall guarantee loans made to a coopera-
24 tive for the purpose described in paragraph
25 (15).

1 “(ii) PROHIBITION ON PERSONAL OR
 2 ENTITY GUARANTEE.—The Administrator
 3 may not require a cooperative to provide a
 4 personal guarantee or an entity guarantee
 5 for a loan under this subsection.”.

6 **SEC. 5. DELEGATED AUTHORITY FOR 7(a) PREFERRED**
 7 **LENDERS PROGRAM LOANS TO QUALIFIED**
 8 **EMPLOYEE TRUSTS AND COOPERATIVES.**

9 Section 5(b)(7) of the Small Business Act (15 U.S.C.
 10 634(b)(7)) is amended by striking the semicolon after “liq-
 11 uidation” and inserting the following: “: *Provided further,*
 12 That the Administrator shall permit deferred participation
 13 loans that are guaranteed under paragraph (15) or (35)
 14 of section 7(a) to be processed under the lender’s dele-
 15 gated authority to make and close loans under this sub-
 16 section;”.

17 **SEC. 6. COOPERATIVE ELIGIBILITY FOR DISASTER ASSIST-**
 18 **ANCE PROGRAM.**

19 Section 7(b) of the Small Business Act (15 U.S.C.
 20 636(b)) is amended—

21 (1) in paragraph (1)(A), by inserting “, includ-
 22 ing to a cooperative as defined in subsection
 23 (a)(35)(A),” after “basis”;

24 (2) in paragraph (1)(B), by inserting “(includ-
 25 ing such a home or concern of a cooperative as de-

1 fined in subsection (a)(35)(A))” after “business con-
2 cern”; and

3 (3) in paragraph (2), by inserting after “small
4 business concern” the following: “(including to a co-
5 operative as defined in subsection (a)(35)(A))”.

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