

109TH CONGRESS  
1ST SESSION

# H. R. 167

To amend the Small Business Investment Act of 1958 to establish a pilot program for lending to small, nonprofit child care businesses.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 2005

Ms. MILLENDER-McDONALD introduced the following bill; which was referred to the Committee on Small Business

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## A BILL

To amend the Small Business Investment Act of 1958 to establish a pilot program for lending to small, nonprofit child care businesses.

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 “Child Care Lending  
5 Pilot Act of 2005”.

6 **SEC. 2. CHILD CARE LENDING PILOT PROGRAM.**

7 (a) **LOANS AUTHORIZED.**—Notwithstanding section  
8 502(1) of the Small Business Investment Act of 1958, the  
9 proceeds of any loan described in section 502 of such Act  
10 may be used by the certified development company to pro-

1 vide loans to small, nonprofit child care businesses, pro-  
2 vided that—

3 (1) the loan will be used for a sound business  
4 purpose that has been approved by the Adminis-  
5 trator of the Small Business Administration (here-  
6 after in this section referred to as the Adminis-  
7 trator);

8 (2) each such business meets the eligibility re-  
9 quirements applicable to for-profit businesses receiv-  
10 ing a similar loan, except for status as a for-profit  
11 business;

12 (3) 1 or more individuals have personally guar-  
13 anteed the loan;

14 (4) the small, non-profit child care business has  
15 clear and singular title to the collateral for the loan;  
16 and

17 (5) the small, non-profit child care business has  
18 sufficient cash flow from its operations to meet its  
19 obligations on the loan and its normal and reason-  
20 able operating expenses.

21 (b) LIMITATION ON VOLUME.—Not more than 7 per-  
22 cent of the total number of loans guaranteed in any fiscal  
23 year under title V of the Small Business Investment Act  
24 of 1958 may be awarded under the program described in  
25 this section.

1 (c) SMALL, NONPROFIT CHILD CARE BUSINESS.—

2 For purposes of this section, the term “small, non-profit  
3 child care business” means an organization that—

4 (1) is described in section 501(c)(3) of the In-  
5 ternal Revenue Code of 1986 and exempt from tax  
6 under section 501(a) of such Code;

7 (2) is primarily engaged in providing child care  
8 for infants, toddlers, pre-school, or pre-kindergarten  
9 children (or any combination thereof), may provide  
10 care for older children when they are not in school,  
11 and may offer pre-kindergarten educational pro-  
12 grams;

13 (3) including its affiliates, has tangible net  
14 worth that does not exceed \$7,000,000, and has av-  
15 erage net income (excluding any carryover losses) for  
16 the preceding 2 completed fiscal years that does not  
17 exceed \$2,500,000; and

18 (4) is licensed as a child care provider by the  
19 District of Columbia, the insular area, or the State,  
20 in which it is located.

21 (d) TERMINATION.—No loan shall be made under  
22 this section after September 30, 2007.

23 (e) REPORTS.—

24 (1) SMALL BUSINESS ADMINISTRATION.—Not  
25 later than 6 months after the date of the enactment

1 of this Act, and every 6 months thereafter until Sep-  
2 tember 30, 2007, the Administrator shall submit a  
3 report to the Committee on Small Business and En-  
4 trepreneurship of the Senate and the Committee on  
5 Small Business of the House of Representatives re-  
6 garding the implementation of the loan program de-  
7 scribed in this section. Each such report shall in-  
8 clude—

9 (A) the date on which the loan program is  
10 implemented;

11 (B) the date on which the rules are issued  
12 pursuant to subsection (f); and

13 (C) the number and dollar amount of loans  
14 under the program applied for, approved, and  
15 disbursed during the previous 6 months.

16 (2) GENERAL ACCOUNTING OFFICE.—Not later  
17 than March 31, 2007, the Comptroller General of  
18 the United States shall submit a report to the Com-  
19 mittee on Small Business and Entrepreneurship of  
20 the Senate and the Committee on Small Business of  
21 the House of Representatives regarding the assist-  
22 ance provided under the loan program established by  
23 this section. Such report shall include information  
24 regarding the first 2 years of the loan program, in-  
25 cluding—

1 (A) an evaluation of the timeliness of the  
2 implementation of the loan program;

3 (B) a description of the effectiveness and  
4 ease with which certified development compa-  
5 nies, lenders, and small businesses have partici-  
6 pated in the loan program;

7 (C) a description and assessment of how  
8 the loan program was marketed;

9 (D) by location (State, insular area, and  
10 District of Columbia) and in total, the number  
11 of small, nonprofit child care businesses that—

12 (i) applied for loans under the pro-  
13 gram (stated separately for new and ex-  
14 panding child care providers); and

15 (ii) received loan disbursements under  
16 the program (stated separately for new  
17 and expanding child care providers);

18 (E) the total amount loaned to such busi-  
19 nesses under the program;

20 (F) the total number of loans made to  
21 such businesses under the program;

22 (G) the average loan amount and term of  
23 loans made under the program;

1           (H) the currency rate, delinquencies, de-  
2           faults, and losses of the loans made under the  
3           program;

4           (I) the number and percent of children  
5           served through the program who receive sub-  
6           sidized assistance; and

7           (J) the number and percent of children  
8           served through the program who are low in-  
9           come.

10       (3) ACCESS TO INFORMATION.—

11           (A) COLLECTION.—The Administrator  
12           shall collect and maintain such information as  
13           may be necessary to carry out paragraph (2)  
14           from certified development centers and child  
15           care providers, and such centers and providers  
16           shall comply with a request for information  
17           from the Administrator for that purpose.

18           (B) PROVISION OF INFORMATION TO  
19           GAO.—The Administrator shall provide informa-  
20           tion collected under subparagraph (A) to the  
21           Comptroller General of the United States for  
22           purposes of the report required by paragraph  
23           (2).

24       (f) RULEMAKING AUTHORITY.—Not later than 120  
25       days after the date of the enactment of this Act, the Ad-

- 1 administrator shall issue final rules to carry out the loan
- 2 program authorized by this section.

