

103^D CONGRESS
2^D SESSION

H. R. 4173

To amend the Small Business Act to provide for expanded participation in the microloan demonstration program.

IN THE HOUSE OF REPRESENTATIVES

APRIL 12, 1994

Mr. MACHTLEY introduced the following bill; which was referred to the Committee on Small Business

A BILL

To amend the Small Business Act to provide for expanded participation in the microloan demonstration program.

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. LOAN GUARANTEES.**

4 (a) IN GENERAL.—Section 7(m)(3) of the Small
5 Business Act (15 U.S.C. 636(m)(3)) is amended by add-
6 ing at the end the following:

7 “(I) LOAN GUARANTEES.—The Adminis-
8 tration may make loans to intermediaries under
9 this subsection either directly or in cooperation
10 with banks or other financial institutions

1 through agreements to participate on an imme-
2 diate or deferred (guaranteed) basis. Participa-
3 tion in deferred participation loans under this
4 subsection shall be subject to the terms and
5 conditions applicable to participation in such
6 loans under subsection (a); except that for any
7 loan under this subsection such participation
8 shall be equal to 100 percent of the balance of
9 the financing outstanding at the time of dis-
10 bursement.”.

11 (b) CONFORMING AMENDMENTS.—Section 7(m) of
12 such Act (15 U.S.C. 636(m)) is amended—

13 (1) in paragraph (1)(B)(i) by striking “direct”;

14 and

15 (2) in paragraph (3)(H) by striking “subpara-
16 graphs (B) and (D)” and inserting “subparagraphs
17 (B), (D), and (I)”.

18 **SEC. 2. STATE FUNDING LIMITATIONS.**

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

21 (1) by striking clause (i);

22 (2) by redesignating clauses (ii) and (iii) as
23 clauses (i) and (ii), respectively; and

1 (3) in clause (i), as so redesignated, by striking
2 “such programs” and inserting “microloan pro-
3 grams”.

4 **SEC. 3. MICROLOAN INTERMEDIARIES.**

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

7 (1) in paragraph (11)(A)(iv) by inserting “, ex-
8 cept as provided by paragraph (12),” after “other
9 than”; and

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

11 “(12) MUNICIPAL AGENCIES AND INSTRUMEN-
12 TALITIES.—An agency or instrumentality of a mu-
13 nicipal government shall be considered to be a quasi-
14 governmental economic development entity under
15 paragraph (11)(A)(iv) if the agency or instrumentality—
16 ity—

17 “(A) has a governing body with a majority
18 of its members from the private sector; and

19 “(B) is not under the direct administrative
20 control of the municipal government.

21 For the purposes of this paragraph, the use of pub-
22 lic employees by an agency or instrumentality of a
23 municipal government shall not be considered to
24 constitute direct administrative control by the mu-
25 nicipal government and shall not otherwise affect the

- 1 eligibility of the agency or instrumentality as a
- 2 quasi-governmental economic development entity.”.

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