

104TH CONGRESS
2D SESSION

H. R. 3989

To amend the Small Business Act, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 2, 1996

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

A BILL

To amend the Small Business 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. 7(a) LOAN GUARANTEE FEES.**

4 (a) FEES.—Section 7(a) of the Small Business Act
5 (15 U.S.C. 636(a)) is amended by striking from para-
6 graph (23) “0.5 percent” and by inserting in lieu thereof
7 “0.5835 percent”.

8 (b) APPLICATION.—The fee increase authorized by
9 this section shall be applicable to loan guarantees ap-
10 proved on or after October 1, 1996, and shall not apply
11 to any loan approved on or after October 1, 1997.

1 **SEC. 2. AMENDMENT TO SMALL BUSINESS GUARANTEED**
2 **CREDIT ENHANCEMENT ACT OF 1993.**

3 Section 7 of the Small Business Guaranteed Credit
4 Enhancement Act of 1993 (Public Law 103–81; 15 U.S.C.
5 634 note) is amended by striking “1996” and by inserting
6 in lieu thereof “1997”.

7 **SEC. 3. DEVELOPMENT COMPANY PROGRAM FEES.**

8 (a) **BORROWER FEES.**—Section 503(b)(7)(A) (15
9 U.S.C. 697(b)(7)(A)) is amended by striking “0.125 per-
10 cent” and by inserting “0.9375 percent”.

11 (b) **LENDER FEES.**—Section 503(d) of the Small
12 Business Investment Act of 1958 (15 U.S.C. 697(d)) is
13 amended to read as follows:

14 “(d)(1) The Administration may impose an additional
15 charge for administrative expenses with respect to each
16 debenture for which payment of principal and interest is
17 guaranteed under subsection (a).

18 “(2) The Administration shall also impose a one-time
19 fee of 50 basis points on the total participation in any
20 project by a bank or other financial institution which pro-
21 vides funding for part of the cost of the project as provided
22 in section 502(3) of this Act.

23 “(3) The Administration shall collect annually from
24 each development company a fee of 0.125 percent of the
25 outstanding principal balance of any guaranteed debenture
26 authorized by the Administration. Such fee shall be

1 derived from the servicing fees collected by the develop-
2 ment company pursuant to regulation, and shall not be
3 derived from any additional fees imposed on small busi-
4 ness concerns.”.

5 (c) APPLICATION.—The fees authorized by this sec-
6 tion shall apply to financings approved by the Administra-
7 tion on or after October 1, 1996, but shall not apply to
8 financings approved by the Administration on or after Oc-
9 tober 1, 1997.

10 **SEC. 4. SMALL BUSINESS INVESTMENT COMPANY PRO-**
11 **GRAM.**

12 (a) Fees.—Section 303 of the Small Business Invest-
13 ment Act of 1958 (15 U.S.C. 683) is amended—

14 (1) in subsection (b), in the fifth sentence, by
15 striking “1 per centum,” and all that follows before
16 the period at the end of the sentence and inserting
17 the following: “1 percent, plus an additional charge
18 of 1 percent per annum which shall be paid to and
19 retained by the Administration”;

20 (2) in subsection (g)(2), by striking “1 per cen-
21 tum,” and all that follows before the period at the
22 end of the paragraph and inserting the following: “1
23 percent, plus an additional charge of 1 percent per
24 annum which shall be paid to and retained by the
25 Administration”; and

1 (3) by adding at the end the following new sub-
2 section:

3 “(i) With respect to leverage granted by the Adminis-
4 tration to a licensee, the Administration shall collect from
5 the licensee a nonrefundable fee in an amount equal to
6 3 percent of the face amount of leverage granted to the
7 licensee, payable upon the earlier of the date of entry into
8 any commitment for such leverage or the date on which
9 the leverage is drawn by the licensee.”.

10 (b) APPLICATION.—The amendments made by this
11 section shall be effective as to leverage approved on or
12 after October 1, 1996, and shall cease to be effective for
13 financings approved on or after October 1, 1997.

14 **SEC. 5. SBIC AUTHORIZATIONS.**

15 Section 20(p)(3) of the Small Business Act (15
16 U.S.C. 631 note) is amended—

17 (1) by striking paragraph (A) and by redesignig-
18 nating paragraphs (B) and (C) as (A) and (B); and

19 (2) by striking from paragraph (A), as redesignig-
20 nated by this section, “of which \$48,000,000 is au-
21 thorized in guarantees of debentures from companies
22 operating pursuant to section 301(d) of such Act”.

1 **SEC. 6. REPEALER.**

2 Sections 1, 3, and 4 of this Act are repealed October
3 1, 1997.

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