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MARKUP OF: H.R. 6079, "MICROLOAN IMPROVEMENT ACT OF 2020" H.R. 6078, "MICROLOAN TRANSPARENCY AND ACCOUNTABILITY ACT OF 2020" H.R. 6133, "STEP IMPROVEMENT ACT OF 2020" H.R. 6021, "NORTHERN MARIANA ISLANDS SMALL BUSINESS DEVELOPMENT ACT"

HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS
UNITED STATES
HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTEENTH CONGRESS

SECOND SESSION

HEARING HELD
MARCH 11, 2020

Small Business Committee Document Number 116–079
Available via the GPO Website: www.govinfo.gov

U.S. GOVERNMENT PUBLISHING OFFICE
41–895 WASHINGTON : 2020

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WEDNESDAY, MARCH 11, 2020

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The committee met, pursuant to call, at 11:34 a.m., in Room 2360, Rayburn House Office Building. Hon. Nydia Velázquez [chairwoman of the Committee] presiding.

Present: Representatives Velázquez, Finkenauer, Golden, Kim, Crow, Davids, Evans, Schneider, Espaillat, Delgado, Houlahan, Craig, Chabot, Radewagen, Hern, Hagedorn, Stauber, Burchett, Joyce, and Bishop.

Also Present: Representative Sablan.

Chairwoman VELAZQUEZ. Welcome to our first markup of the Second Session of the 116th Congress. Today, we will be considering four bipartisan bills: two of them modernizing the Microloan program, and another will give small businesses the tools they need to enter and thrive in the global marketplace. The last bill will ensure that 1,7000 small businesses that employ 18,000 people in the Commonwealth of the Northern Mariana Islands will have access to valuable SBA programs and resources.

Before we get down to business, I would like to take a moment to thank the Ranking Member and his staff and all of the Members of the Small Business Committee for their tireless bipartisan work on behalf of small businesses.

Over the course of the past year, our committee has held a number of hearings to review programs at SBA. We have heard from Administrator Carranza and her team of associate administrators, Inspector General Ware, and small businesses throughout the country to determine what is working well and what can be improved at SBA.

The four bills that we are considering today are a plethora of hard work. They will make much needed improvements to SBA programs to make it easier for entrepreneurs to grow their small businesses.

With that, let us turn to the bills under consideration.

H.R. 6079, the Microloan Improvement Act of 2020, introduced by Mr. Kim and cosponsored by Mr. Burchett; H.R. 6078, the Microloan Transparency and Accountability Act of 2020, introduced by Mr. Burchett and cosponsored by Mr. Kim; H.R. 6133, the State Trade Expansion Program Improvement Act of 2020, introduced by Ms. Finkenauer and cosponsored by Mr. Spano; and H.R. 6021, the Northern Mariana Islands Small Business Development Act, introduced by Mr. Sablan of the Commonwealth of Northern Mariana Islands and cosponsored by Ms. Radewagen of American Samoa.

All of today's bills are a result of the committee's commitment to bipartisanship, and I urge Members to support them.

I would now like to recognize our Ranking Member, Mr. Chabot, for his opening remarks.

Mr. CHABOT. Thank you, Madam Chair, for holding today's meeting. Again, I appreciate your willingness to work with me and with all the Members on our side, as well as our staff in such a bipartisan manner.

All four of these bills are led by Members of both parties, which has become standard practice in our committee, and we thank you for that.

I will be brief in my opening as we will discuss each bill as it is called.

Before we begin, I want to say that work here in our committee continues to be of critical importance.

Just yesterday, for an example, we held an exceptional hearing where we discussed, in depth, the effect coronavirus is having on American's small businesses and could have in the immediate and long-term future.

As each of us know here in this committee, as the small business economy goes, so goes our national economy.

Because of the coronavirus pandemic, small firms are suffering from significant supply chain disruptions, economic uncertainty, and a generalized sense of concern.

Historically, such sentiments do not bode well for business, and especially small business. Without question, the health of our citizens is our number one priority, but in this committee our responsibility is to continue to seek out ways to help small firms and their employees navigate difficult times such as these.

Today, we have the opportunity to advance four bills that strengthen several initiatives administered through the Small Business Act. I support each of these measures and thank each of our Members, both republican and democratic alike, for their leadership and work on these bills.

I yield back.

Chairwoman VELÁZQUEZ. Thank you, very much. The gentleman yields back.

Before we get into the individual bills, are there any Members present who seek recognition for the purposes of making an opening statement?

H.R. 6079

Our first bill today is H.R. 6079, the Microloan Improvement Act introduced by Mr. Kim and cosponsored by Mr. Burchett. The bill enhances the Microloan program, which has been a lifeline of af-

fordable capital for thousands of aspiring entrepreneurs each yeah, especially those from underserved communities.

I would like to now recognize the gentleman from New Jersey, Mr. Kim, the sponsor of the bill, for an opening statement.

Mr. KIM. Thank you, Chairwoman. Thank you to my colleague from Tennessee, Mr. Burchett, for working across the aisle with me on this important legislation that will modernize SBA's Microloan program.

Many entrepreneurs, especially those from underserved communities, have great difficulty in securing much-needed capital for their businesses. For these individuals, traditional loans may be out of reach. The Microloan program helps to alleviate this problem by extending business loans and technical support to entrepreneurs.

Earlier this month, I chaired a hearing under the Subcommittee on Economic Growth, Tax, and Capital Access, which examined the SBA's Microloan program where we heard testimony that reinforced the immense value of this program. The program has meaningfully improved the well-being of tens of thousands of businesses nationwide.

In my district alone, 198 businesses received microloans in the total amount of almost $3.25 million in fiscal year 2019. Without these microloans, many of these entrepreneurs would be unable to pay bills, would have to cut staff, or worse, shut their doors.

However, the program in its present form is not without its faults. Many of the shortcomings of the program stem from the fact that it is long overdue for modernization.

A common critique form participating lenders is that antiquated rules unnecessarily restrict their lending activity. To resolve this and other concerns regarding the Microloan program, Mr. Burchett and I introduced the Microloan Improvement Act. In short, this bill seeks to inject the program with much-needed flexibility that will ease access to capital for small business owners.

This bill is an important step toward improving a program that has been critical to the success of small businesses. I thank this committee for its support of these efforts, and I look forward to a new chapter for the Microloans Program.

I yield back.

Chairwoman VELÁZQUEZ. Thank you. The gentleman yields back.

I now would like to recognize the gentleman from Tennessee, Mr. Burchett, the cosponsor of the bill, for an opening statement.

Mr. BURCHETT. Which bill are we on? We are on 6079?

Chairwoman VELÁZQUEZ. Correct.

Mr. BURCHETT. Okay, great.

Well, thank you Madam Chair. I appreciate you and the Ranking Member's leadership on this issue, and I was happy to work with Mr. Kim on the Microloan Improvement Act in order to help grow small businesses in our rural areas. I ask for overwhelming support. I do want to thank our staffs for all the hard work they do both sides of the aisle. They seem to do all the work and we get all the credit, so it would be nice to recognize them at this time. I also want to thank everybody for their support.

I yield the remainder of my hard-earned time. Back to you, Chairlady.

Chairwoman VELÁZQUEZ. Thank the gentleman. The gentleman yields back.

Now are there any other Members who wish to be recognized for a statement on H.R. 6079?

I now recognize the Ranking Member.

Mr. CHABOT. Thank you, Madam Chair. I will be brief.

To assist small dollar borrowers, the SBA offers the Microloan program, where small businesses can receive loans of $50,000 or less from nonprofit intermediaries. Beyond financing, the Microloan program also requires the nonprofit intermediaries to deliver technical assistance in counseling small business borrowers.

I want to thank Mr. Kim from New Jersey, and Mr. Burchett from Tennessee, for working in a bipartisan manner to introduce this bill. H.R. 6079 updates and modernizes outdated provisions in the Microloan program, such as the 155th rule, while also adding key flexibility requirements. I fully support this commonsense legislation and urge my colleagues to vote yes.

I yield back.

Chairwoman VELÁZQUEZ. The gentleman yields back.

I now recognize myself briefly.

The Microloan program provides funding to nonprofit, intermediary lenders, who in turn lend to very small businesses and startups that are not ready for bank loans.

These intermediaries help small businesses succeed by providing training and technical assistance. Mr. Kim put forth a bill designed to make it easier for microloan intermediaries to provide affordable capital to existing microbusinesses and prospective entrepreneurs. Notably, the bill illuminates the owners 155th rule.

I want to thank Mr. Kim and Mr. Burchett for their leadership on this issue, and I encourage all my colleagues to vote yes.

I would like to ask unanimous consent to submit letters of support from friends of the Microloan program, AEO, WIPP, that are for our microloan bills today.

So ordered.

If there is no further discussion, the committee will come to consideration of H.R. 6079.

The clerk will read the report of the title of the bill.

The CLERK. H.R. 6079, the Microloan Improvement Act.

Chairwoman VELÁZQUEZ. Without objection, H.R. 6079 is considered as read and open for amendment at any time.

Are there any Members who wish to offer an amendment?

Seeing none, the question is now on H.R. 6079.

All those in favor, say aye.

All those opposed, say no.

In the opinion of the chair, the ayes have it.

H.R. 6079 is agreed to.

The question now occurs on reporting H.R. 6079 to the House.

All those in favor, say aye.

All those opposed, say no.

In the opinion of the Chair, the ayes have it, and H.R. 6079 is reported to the House.

Without objection, the committee staff is authorized to correct punctuation, make other necessary technical corrections, and conforming changes.

Members have 2 days to file additional supplemental, dissenting, and minority views.

H.R. 6078

Our second bill today is H.R. 6078, the Microloan Transparency and Accountability Act introduced by Mr. Burchett and cosponsored by Mr. Kim. These bills offer incentives to microloan intermediaries to provide management assistance to rural entrepreneurs.

I would now like to recognize the gentleman from Tennessee, Mr. Burchett, around an opening statement on H.R. 6079.

Mr. BURCHETT. Thank you, Chairlady and Ranking Member. I really do appreciate you all's leadership and allowing us to bring these important issues forward.

I am also thanking you all's staffs and our staffs that really do great work, and I am very appreciative of it.

Do you have to have an end course to get the results that I think we are getting for American small business owners?

Again, I want to thank my colleague, Mr. Kim. That will be Kim Tim in 2020 could be the new slogan. I do not know. His work with me on this bill, the Microloan Transparency and Accountability Act, this legislation would incentivize microloan intermediaries to involve themselves in rural small business and the Microloan program, while also improving the transparency on how taxpayer dollars are being spent at the SBA. Expanding the program is essential to small businesses in rural areas, but ensuring the accountability is also important.

I ask for everyone's support. Once again, I yield the remainder of my hard-earned time back to the committee, as long as we all endorse the Kim Tim 2020 plan. Thank you.

Chairwoman VELAZQUEZ. The gentleman yields back.

Now I would like to recognize the cosponsor of the bill, the gentleman from New Jersey, Mr. Kim.

Mr. KIM. Thank you, Chairwoman. Just to make sure, so I am at the top of the ticket?

Mr. BURCHETT. Yes, sir. I do not really want all that hassle.

Mr. KIM. You just want to be in the mix there.

Mr. BURCHETT. Yeah, you know.

Chairwoman VELAZQUEZ. I endorse that.

Mr. BURCHETT. The occasional picture in front of the Christmas tree at Christmas time.

Mr. KIM. We will get our staff to work out the details.

Chairwoman VELAZQUEZ. Two minutes remain.

Mr. BURCHETT. Chairlady, you are out of order.

Mr. KIM. It has been really great working with my colleague from Tennessee on these bills, trying to find ways that we can move the needle forward, and this was a great example of, again, just finding something very tangible, something very specific that we can build off of.

I really think that this is something that is very much needed. The studies are showing the rural businesses, especially those in the developmental stages, are in particular need of the strategic support.

For this bill to be able to have the bonus 5 percent technical assistance grant to intermediary servicing rural areas, these are the types of things that are just real tangible things that can move the needle forward.

It has been a pleasure working with Mr. Burchett on this, and we are going to do Kim Tim 2020.

I yield back. Thanks a lot.

Chairwoman VELAZQUEZ. The gentleman yields back.

Now we recognize the Ranking Member, Mr. Chabot.

Mr. CHABOT. Thank you, Madam Chair.

I would suggest that the gentleman that has just been talking should include Mr. Hagedorn. Then we would have the Kim Tim and Jim Plan. So there you go.

To enhance the dissemination of microloans in rural areas—do we have another one?

Chairwoman VELAZQUEZ. That was a boom.

Mr. CHABOT. Maybe I should just yield back my time now.

Specifically, H.R. 6078 gives microloan intermediaries that service rural communities the opportunity to receive bonus technical assistance grants. Additionally, it requires the SBA to conduct an annual portfolio risk analysis to ensure the growing program is protecting and safeguarding taxpayer dollars.

I would like to thank Mr. Burchett and Mr. Kim for working together to protect American taxpayer dollars and to ensure our rural communities utilize this program to its fullest.

I yield back my time.

Chairwoman VELAZQUEZ. The gentleman yields back.

Now I recognize myself briefly.

Earlier this Congress, this committee held hearings on the program where, among other things, we heard about the challenges that intermediaries face in providing technical assistance, especially in rural areas. Intermediaries must drive 2 hours or more to a borrower's place of business to conduct training, which can be expensive.

These costs all come out of the intermediaries' bottom line and the measure the gentleman from Tennessee has put forward to make numbers with at least 25 percent of their loan portfolio in rural areas eligible for a bonus technical assistance grant is a reasonable one that I support and will encourage my colleagues to support.

I thank both Mr. Burchett and Mr. Kim, and I urge a yes vote. I yield back the balance of my time.

If there is no further discussion, the committee will come to consideration of H.R. 6078.

The clerk will read the report of the title of the bill.

The CLERK. H.R. 6078, the Microloan Transparency——

Chairwoman VELAZQUEZ. Without objection, H.R. 6078 is considered as read and open for amendment at any time.

Does anyone wish to offer an amendment?

Seeing none, the question is now on H.R. 6078.

All those in favor, say aye.

All those opposed, say no.

In the opinion of the Chair, the ayes have it.

H.R. 6078 is agreed to.

The question now occurs on reporting H.R. 6078 to the House.

All those in favor, say aye.

All those opposed, say no.

In the opinion of the Chair, the ayes have it.

H.R. 6078 is reported to the House.

Without objection, the committee staff is authorized to correct punctuation, make other necessary technical corrections, and conforming changes.

Members have 2 days to file additional supplemental, dissenting, and minority views.

H.R. 6133

The third bill that we are considering today is H.R. 6133, the STEP Improvement Act of 2020 introduced by Ms. Finkenauer and cosponsored by Mr. Spano.¢This bill reauthorizes the State Trade Expansion Program (STEP) through 2024 and makes important improvements to streamline the application process and provides states with increased flexibility to use funds.

I would now like to recognize the gentlewoman from Iowa, Ms. Finkenauer, the sponsor of the bill, for an opening statement.

Ms. FINKENAUER. Thank you, Madam Chair.

As the Congresswoman from Iowa's 1st Congressional District, I know firsthand that for our small businesses, the ability to access new markets and export goods promotes economic successes at home and in our communities.

Given the importance of trade in my home state, especially for our farmers and our small business owners, who our farmers are also small business owners and manufacturers, I have made it a priority to improve and strengthen the State Trade Expansion Program.

The State Trade Expansion Program gives small businesses the tools they need to start exporting and expanding into new markets. Many small businesses operate with razor-thin margins and only have a few employees. They do not always have the resources to attend a new trade show, design an international marketing campaign, or navigate foreign countries' complex rules and regulations.

That is where the State Trade Expansion Program comes in. It is important that we reauthorize this program before it expires at the end of September. At the same time, we also need to fix some of the program's administrative challenges which we have heard about from folks in Iowa, from folks who have come to testify in front of our committee and other stakeholders.

In the Rural Development, Agriculture, Trade, and Entrepreneurship Subcommittee that I chair with Ranking Member, Dr. Joyce, we held two hearings, actually, dedicated to better understanding and addressing the challenges that have come up with the State Trade Expansion Program. I also have a roundtable in my district to hear from the Iowa Economic Development Authority and small businesses that have used this program and used it successfully. What we heard was that the State Trade Expansion Program (STEP) is a great resource for our states. But we also heard about very confusing application process, really tight timelines, and poor communication from staff at the Small Business Administration.

That is why today, taking all the feedback I have heard here in D.C., and especially back at home, I am proud to introduce the STEP Improvement Act of 2020. This bill will reauthorize the State Trade Expansion Program for 4 more years and make improvements, like creating a standard timeline and timeframe for applications, opening more channels for input and communication between the Small Business Administration and the states, and collecting better data on how the program helps our small businesses.

I want to thank my colleague, Mr. Spano, who is introducing this legislation with me today, you know, this is a bipartisan issue, one that we have been happy to work on bipartisanly in Congress, you know, this last year, but for many years prior to this as well when this program was originally created, and I am glad we were able to work across the aisle again to get this done today.

I urge all Members of this committee to support this bill.

With that, Madam Chair, I yield back.

Chairwoman VELÁZQUEZ. Thank you. The gentlelady yields back.

Are there any other Members who wish to be recognized for a statement on H.R. 6133?

The Ranking Member is recognized for 5 minutes.

Mr. CHABOT. Thank you, Madam Chair. I would like to thank Ms. Finkenauer and Mr. Spano for their leadership on this legislation.

H.R. 6133, the STEP Improvement Act of 2020, will reauthorize the SBA's State Trade Expansion Program for the next 4 fiscal years. The program facilitates small business participation and trade missions, ensures international marketing efforts, workshops, and other promotional activities.

Since its establishment as a pilot initiative in 2010, STEP has been subject to numerous oversight reports issued by the GAO and the SBA's Office of the Inspector General. This committee has carefully reviewed each report and collected feedback from stakeholders to determine the reforms included within the STEP reauthorization. State trade agencies and the State International Development Organization have sent in letters of support for the bill.

H.R. 6133 reinforces our commitment to seeing the SBA fulfill its goals relating to the STEP program and maximizes every dollar to help small businesses reach their potential in the international market. The bill provides greater flexibility to state trade agencies and enhances accountability at the SBA, a balance that will greatly improve program functions.

Therefore, I would support this legislation and urge my colleagues to do so on both sides and yield back my time.

Chairwoman VELÁZQUEZ. Thank you. The gentleman yields back.

Now I recognize myself briefly.

First, I would like to commend Representative Finkenauer for the work she did as the Chair of the Rural Development, Agriculture, Trade, and Entrepreneurship Subcommittee, which held two substantive hearings on STEP. This bill is a product of those efforts and a tremendous amount of hard work.

The State Trade Expansion Program helps small businesses navigate the complexities of an international marketplace and is an invaluable tool for small businesses looking to export.

In fiscal year 2019, SBA supported $974 million in export sales from STEP. While impressive, more can be done to help small businesses access new markets and export goods abroad and in turn boost our local economies at home. This bill delivers on the committee's priority to expand exporting opportunities and ensures small businesses have the resources they need to compete abroad.

I thank Ms. Finkenauer and Mr. Spano for their leadership, and I urge my colleagues to support this bill.

I ask unanimous consent to enter a letter of support from the State International Development Organizations.

Without objection.

If there is no further discussion, the committee will move to consideration of H.R. 6133.

The clerk will read the report of the title of the bill.

The CLERK. H.R. 6133, the——

Chairwoman VELAZQUEZ. Without objection, H.R. 6133 is considered as read and open for amendment at any point.

Are there any Members who wish to offer an amendment?

Seeing none, the question is now on H.R. 6133.

All those in favor, say aye.

All those opposed, say no.

In the opinion of the Chair, the ayes have it.

H.R. 6133 is agreed to.

The question now occurs on reporting H.R. 6133 to the House.

All those in favor, say aye.

All those opposed, say no.

In the opinion of the Chair, the ayes have it.

H.R. 6133 is reported to the House.

Without objection, the committee staff is authorized to correct punctuation, make other necessary technical corrections, and conforming changes.

Members have 2 days to file additional supplemental, dissenting, and minority views.

H.R. 6021

The final bill before us today is H.R. 6021, the Northern Mariana Islands Small Business Development Act, sponsored by Mr. Sablan of the Commonwealth of the Northern Mariana Islands, and cosponsored by Ms. Radewagen of American Samoa.

This bill takes the long-overdue step of including the Commonwealth of the Northern Mariana Islands in the Small Business Development Center programs and the FAST program.

I would now like to recognize the bill's sponsor, the gentleman from the Commonwealth of the Northern Mariana Islands, Mr. Sablan, for an opening statement.

Mr. SABLAN. Thank you very much Chairwoman Velázquez, Ranking Member Chabot, and Members of the committee, for allowing me to sit in and explain my view on H.R. 6021.

Thank you for your leadership supporting small businesses and for including my bill, the Northern Mariana Islands Small Business Development Act in today's markup.

My bill ensures the 1,700 small businesses in the Marianas are eligible for grants through the Small Business Development Center Program and through FAST, the Federal and State Technology Program.

The Marianas is the only place in the United States not included in these programs which help small businesses access the knowledge and capital needed to compete successfully for federal contracting opportunities. My bill would correct that by ensuring access on the same basis as their counterparts across the nation.

Under H.R. 6021, the Marianas can apply to establish a lead SBDC, which would make available renewable funding to expand the reach and capacity of the existing SBDC service center on Saipan.

With additional funding, small businesses on Saipan, Tinian, and Rota, the three mostly inhabited islands in the Marianas, will have better access to free or low-cost services such as incubator workspaces for entrepreneurs, business planning, operations, and other areas required for small business growth and success.

H.R. 6021 would also help our small businesses participate in federal research and development opportunities.

My bill does this by including the Marianas in the SBA's FAST program which funds outreach and assistance to small businesses interested in competing for the Small Business Innovation Research and Small Business Technology Transfer programs.

I want to also thank the committee for including a provision from my bill H.R. 2603, into H.R. 6079, the Microloan Improvement Act just voted for reporting to the House.

My provision would provide Marianas small business owners access to the SBA's Microloan program.

SBA microloans provide up to $50,000 typically not offered by banks for working capital or the acquisition of materials, supplies, or equipment. This program also provides marketing, management, and technical assistance to assist women, low-income and veteran entrepreneurs in my district.

Both H.R. 6021 and H.R. 6079 provide the small businesses in my district access to the full range of SBA resources needed to help our economy and help aspiring entrepreneurs make their dreams of small business ownership a reality.

I would like to thank the gentlelady from American Samoa for cosponsoring my bill H.R. 6021.

Madam Chair, I yield back the remainder of my time. I urge members of the committee to support H.R. 6021. I yield back. Thank you.

Chairwoman VELÁZQUEZ. Thank you. The gentleman yields back.

I would now like to recognize the bill cosponsor, the gentlewoman from American Samoa, Ms. Radewagen, for an opening statement.

Ms. RADEWAGEN. Talofa and Hofa Adai.

Today, I am proud to speak in support of H.R. 6021, the Northern Mariana Islands Small Business Development Act. This bill would allow the Northern Mariana Islands to establish a Small Business Development Center and gain access to other Small Business Administration programs. As of right now, the Northern Mari-

anas is the only territory that does not have an SBDC, and I urge all my colleagues to support this bill.

I yield back, Madam Chair.

Chairwoman VELAZQUEZ. The gentlelady yields back.

Are there any other Members that wish——

The Ranking Member is recognized for 5 minutes.

Mr. CHABOT. Thank you, Madam Chair, and I will be brief.

I would like to congratulate and thank Mr. Sablan and Ms. Radewagen for their leadership on this legislation. I want to also thank you, Madam Chairwoman.

Our last bill is one that extends a matter of simple fairness to American citizens. Currently, the Northern Mariana Islands, part of the United States since 1975, is the only U.S. jurisdiction not included for eligibility in certain SBA programs, such as the very important SBDC Lead Center Grant program. The Northern Mariana Islands 55,000 inhabitants deserve the same access to SBA programs as any other American citizens, and this bill ensures that they do have that.

It is quite simple, bipartisan, and it is a just piece of legislation. I urge my colleagues to support it. Again, I thank Mr. Sablan and Ms. Radewagen, and I yield back.

Chairwoman VELAZQUEZ. The gentleman yields back.

Now I recognize myself briefly.

First, I would like to commend Mr. Sablan and Ms. Radewagen for their work on this bill. Mr. Sablan, it is true that representation matters. I am sorry that it took this long to bring fairness and access to all the programs that exist under the Small Business Administration. That should be the rule in every federal agency—that we open all of the programs to American citizens.

With that, if there is any further discussion, the committee will move on to consideration of H.R. 6021.

The clerk will read the report of the title of the bill.

The CLERK. H.R. 6021, the Northern Mariana——

Chairwoman VELAZQUEZ. Without objection, H.R. 6021 is considered as read and open for amendment at any time.

Does anyone wish to offer an amendment?

Seeing none, the question is now on H.R. 6021.

All those in favor, say aye.

All those opposed, say no.

In the opinion of the Chair, the ayes have it.

H.R. 6021 is agreed to.

The question now occurs on reporting H.R. 6021 to the House.

All those in favor, say aye.

All those opposed, say no.

In the opinion of the Chair, the ayes have it.

H.R. 6021 is reported to the House.

Without objection, the committee staff is authorized to correct punctuation, make other necessary technical corrections, and conforming changes.

Members have 2 days to file additional supplemental, dissenting, and minority views.

I would like to thank all of the Members for their participation today. If there is no further business to come before the committee, we are adjourned. Thank you.

[Whereupon, at 12:09 p.m., the committee was adjourned.]

APPENDIX

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(Original Signature of Member)

116TH CONGRESS
2D SESSION

H. R. _____

To amend the Small Business Act to optimize the operations of the microloan program, lower costs for small business concerns and intermediary participants in the program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. KIM introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Small Business Act to optimize the operations of the microloan program, lower costs for small business concerns and intermediary participants in the program, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Microloan Improvement Act of 2020".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Interest rate for certain intermediaries.
Sec. 3. Lines of credit authorized.
Sec. 4. Extended repayment terms.
Sec. 5. Loan limits adjusted.
Sec. 6. Program funding for microloans.
Sec. 7. Technical assistance grant flexibility.
Sec. 8. Credit reporting information.
Sec. 9. Report regarding equitable distribution.

SEC. 2. INTEREST RATE FOR CERTAIN INTERMEDIARIES.

Section 7(m)(3)(F)(iii) of the Small Business Act (15 U.S.C. 636(m)(3)(F)(iii)) is amended by striking "$7,500" and inserting "$10,000".

SEC. 3. LINES OF CREDIT AUTHORIZED.

Section 7(m)(6)(A) of the Small Business Act (15 U.S.C. 636(m)(6)(A)) is amended by inserting "(including lines of credit)" after "fixed rate loans".

SEC. 4. EXTENDED REPAYMENT TERMS.

Section 7(m)(6) of the Small Business Act (15 U.S.C. 636(m)(6)) is amended by adding at the end the following:

"(F) REPAYMENT TERMS.—

"(i) LIMITATION ON REPAYMENTS TERM.—The repayment term for a loan made under this paragraph shall not be more than—

"(I) in the case of a loan made by an intermediary of $10,000 or less, 7 years; and

"(II) in the case of a loan made by an intermediary of greater than $10,000, 10 years.

"(ii) NO ADDITIONAL LIMITATIONS.—The Administrator may not impose any additional limitation on the term for repayment of a loan made by an intermediary under this paragraph.".

SEC. 5. LOAN LIMITS ADJUSTED.

Section 7(m)(3)(C) of the Small Business Act (15 U.S.C. 636(m)(3)(C)) is amended by striking "and $6,000,000" and inserting "and $7,000,000 (in the aggregate)".

SEC. 6. PROGRAM FUNDING FOR MICROLOANS.

(a) IN GENERAL.—Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended—

(1) in paragraph (7)(B)—

(A) by amending clause (i) to read as follows:

"(i) ALLOCATION.—Subject to the availability of appropriations and for the first 2 quarters of a fiscal year, of the total amount of new loan funds made available for award under this subsection in such fiscal year, the Administrator shall—

"(I) reserve 15 percent of such funds for award to designated underutilized States; and

"(II) make the remaining 85 percent of such funds available for award in any State."; and

(B) in clause (ii), by striking "to carry out" and all that follows through the period at the end and inserting the following: "under clause (i)(I) remains unexpended, the Administrator may make that portion available for award in any State or designated underutilized State."; and

(2) in paragraph (11)—

(A) in subparagraph (C)(ii), by striking the period at the end and inserting "; and"; and

(B) by adding at the end the following new subparagraph:

"(D) the term 'State' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa.".

(b) RULEMAKING.—Not later than 180 days after the date of the enactment of this Act, the Administrator of Small Business Administration shall issue regulations to define the term "designated underutilized State", as used in section 7(m)(7)(B) of the Small Business Act (15 U.S.C. 636(m)(7)(B)), as added by this section.

SEC. 7. TECHNICAL ASSISTANCE GRANT FLEXIBILITY.

Section 7(m)(4) of the Small Business Act (15 U.S.C. 636(m)(4)) is amended—

(1) in subparagraph (A), by striking "subparagraph (C)" each place that term appears and inserting "subparagraphs (C) and (G)";

(2) in subparagraph (C)(i)—

(A) by striking "subparagraph (A)" and inserting "subparagraphs (A) and (G)"; and

(B) by striking the dollar figure and inserting "$10,000";

(3) in subparagraph (D), by striking "subparagraph (A), or (C)" and inserting "subparagraph (A), (C), or (G)"; and

(4) by adding at the end the following:

"(G) GRANT AMOUNTS BASED ON APPROPRIATIONS.—In any fiscal year in which the amount appropriated to make grants under subparagraph (A) is sufficient to provide to

each intermediary that receives a loan under paragraph (1)(B)(i) a grant of not less than 25 percent of the total outstanding balance of loans made to the intermediary under this subsection, the Administrator shall make a grant under subparagraph (A) to each intermediary of not less than 25 percent and not more than 30 percent of that total outstanding balance.".

SEC. 8. CREDIT REPORTING INFORMATION.

The Administrator of the Small Business Administration shall issue rules establishing a process under which an intermediary that makes a loan to a borrower under section 7(m) of the Small Business Act (15 U.S.C. 636(m)) shall be required to provide the major credit reporting agencies with information about the borrower relevant to credit reporting, such as the borrower's payment activity on the loan.

SEC. 9. REPORT REGARDING EQUITABLE DISTRIBUTION.

Section 7(m)(8) of the Small Business Act (15 U.S.C. 636(m)(8)) is amended—

(1) by striking "In approving" and inserting the following:

"(A) IN GENERAL.—In approving"; and

(2) by adding at the end the following:

"(B) ANNUAL REPORT.—The Administrator shall include in the report submitted under paragraph (10), and make publicly available on the website of the Administration, information on how the Administration has met the requirements of subparagraph (A).".

.....

(Original Signature of Member)

116TH CONGRESS
2D SESSION

H. R. _____

To amend the Small Business Act to increase transparency and to enhance the use of microloans in rural areas, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. BURCHETT introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Small Business Act to increase transparency and to enhance the use of microloans in rural areas, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Microloan Transparency and Accountability Act of 2020".

SEC. 2. ASSISTANCE FOR INTERMEDIARIES SERVING RURAL AREAS.

Section 7(m)(4)(C)(i) of the Small Business Act (15 U.S.C. 636(m)(4)(C)(i)) is amended—

(1) by inserting "either" after "that has"; and

(2) by inserting after "the program" the following: "or that has a portfolio of loans made under this subsection of which not less than 25 percent is serving rural areas during the period of the intermediary's participation in the program".

SEC. 3. PORTFOLIO RISK ANALYSIS OF MICROLOANS.

Section 7(m)(10) of the Small Business Act (15 U.S.C. 636(m)(10)) is amended—

(1) by redesignating subparagraphs (A) through (F) as clauses (i) through (vi), respectively, and adjusting the margins accordingly;

(2) by amending clause (iv), as so redesignated, to read as follows:

"(vi) the number, amount, and percentage of microloans made by intermediaries to small business concerns—

"(I) that went into default in the previous year; and

"(II) that were charged off in the previous year by such intermediaries;";

(3) in clause (vi), as so redesignated, by striking "and" at the end;

(4) by redesignating subparagraph (G) as clause (xviii), and adjusting the margin accordingly;

(5) by striking "On November 1, 1995," and all that follows through "the following:" and inserting the following:

"(A) IN GENERAL.—Beginning on February 1, 2021, and annually thereafter, the Administrator shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives, and make available to the public on the website of the Administration, a report on the effectiveness of the microloan program during the fiscal year preceding the date of the report. Such report shall include—";

(6) in subparagraph (A), as so designated, by inserting after clause (vi) the following new clauses:

"(vii) the number and type of enforcement actions taken by the Administrator against noncompliant intermediaries;

"(viii) an analysis of compliance by intermediaries with the credit availability

requirements of paragraph (3)(E) for loans in an amount greater than $20,000;

"(ix) the extent to which microloans are provided to small business concerns in rural areas;

"(x) the number of underserved borrowers, as defined by the Administration, participating in the microloan program;

"(xi) the average rate of interest for each microloan;

"(xii) the average amount of fees charged for each microloan;

"(xiii) the average size of each microloan, including—

"(I) the number of loans made in an amount greater than $20,000; and

"(II) the average size and charge-off rate of such loans;

"(xiv) the subsidy cost to the Administration;

"(xv) the number and percentage of microloans that were made to refinance other loans;

"(xvi) the number and percentage of microloans made to new program partici-

pants and the number and percentage of microloans made to previous program participants;

"(xvii) the average amount of technical assistance grant monies spent on each loan; and"; and

(7) by adding at the end the following:

"(B) PRIVACY.—Each report submitted under subparagraph (A) shall not contain any personally identifiable information of any borrower.".

[DISCUSSION DRAFT]

116TH CONGRESS
2D SESSION

H. R. _____

To reauthorize the State Trade Expansion Program of the Small Business Administration, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M__. _____ introduced the following bill; which was referred to the Committee on _____

A BILL

To reauthorize the State Trade Expansion Program of the Small Business Administration, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "STEP Improvement Act of 2020".

SEC. 2. STATE TRADE EXPANSION PROGRAM.

(a) APPLICATION REQUIREMENTS.—Section 22(l)(3) of the Small Business Act (15 U.S.C. 649(l)(3)) is amended—

(1) in subparagraph (D)—

(A) in clause (i), by inserting ", including a budget plan for use of funds awarded under this subsection" before the period at the end; and

(B) by adding at the end the following new clause:

"(iii) TIMING.—The Associate Administrator shall—

"(I) publish information on how to apply for a grant under this subsection, including specific calculations and other determinations used to award such a grant, not later than March 31 of each year;

"(II) establish a deadline for the submission of applications that is not earlier than 60 days after the date on which the information is published under subclause (I), but in any case not later than May 31; and

"(III) announce grant recipients not later than August 31 of each year."; and

(2) by adding at the end the following new subparagraphs:

"(E) APPLICATION INFORMATION.—The Associate Administrator shall clearly communicate to applicants and grant recipients any information about State Trade Expansion Program, including—

"(i) for each unsuccessful applicant for a grant awarded under this subsection, recommendations to improve a subsequent application for such a grant; and

"(ii) for each successful applicant for such a grant, an explanation for the amount awarded, if different from the amount requested in the application.

"(F) BUDGET PLAN REVISIONS.—

"(i) IN GENERAL.—A State receiving a grant under this subsection may revise the budget plan of the State submitted under subparagraph (D) after the disbursal of grant funds if—

"(I) the revision complies with allowable uses of grant funds under this subsection; and

"(II) such State submits notification of the revision to the Associate Administrator.

"(ii) EXCEPTION.—If a revision under clause (i) reallocates 10 percent or more of the amounts described in the budget plan of the State submitted under subparagraph (D), the State may not implement the revised budget plan without the approval of the Associate Administrator, unless the Associate Administrator fails to approve or deny the revised plan within 10 days after receipt of such revised plan.".

(b) SURVEY.—Section 22(l) of the Small Business Act (15 U.S.C. 649(l)) is amended—

(1) by redesignating paragraphs (7) through (9) as paragraphs (8) through (10), respectively; and

(2) by inserting after paragraph (6) the following new paragraph:

"(7) SURVEY.—The Associate Administrator shall conduct an annual survey of each State that received a grant under this subsection during the preceding year to solicit feedback on the program.".

(c) ANNUAL REPORT.—Section 22(l)(8)(B) of the Small Business Act, as redesignated by subsection (b), is amended—

(1) in clause (i)—

(A) in subclause (III), by inserting ", including the total number of eligible small business concerns assisted by the program (disaggregated by socially and economically disadvantaged small business concerns, small business concerns owned and controlled by women, and rural small business concerns)" before the semicolon at the end;

(B) in subclause (IV), by striking "and" at the end;

(C) in subclause (V)—

(i) by striking "description of best practices" and inserting "detailed description of best practices"; and

(ii) by striking the period at the end and inserting a semicolon; and

(D) by adding at the end the following new subclauses:

"(VI) an analysis of the performance metrics described in clause (iii)

and the survey described in paragraph (7); and

"(VII) a description of lessons learned by grant recipients under this subsection that may apply to other assistance provided by the Administration."; and

(2) by adding at the end the following new clause:

"(iii) PERFORMANCE METRICS.—Annually, the Associate Administrator shall collect data on eligible small business concerns assisted by the program on the following performance metrics:

"(I) Total number of such concerns, disaggregated by socially and economically disadvantaged small business concerns, small business concerns owned and controlled by women, and rural small business concerns.

"(II) Total dollar amount of export sales by eligible small business concerns assisted by the program.

"(III) Number of such concerns that have not previously participated

in an activity described in paragraph (2).

"(IV) Number of such concerns that have previously participated in the program.

"(V) Number of such concerns that, because of participation in the program, have accessed a new market.

"(VI) Number of such concerns that, because of participation in the program, have created new jobs.

"(VII) Number of such concerns participating in foreign trade missions or trade show exhibitions, disaggregated by socially and economically disadvantaged small business concerns, small business concerns owned and controlled by women, and rural small business concerns.".

(d) AUTHORIZATION OF APPROPRIATIONS.—Section 22(l)(10) of the Small Business Act, as redesignated by subsection (b), is amended by striking "fiscal years 2016 through 2020" and inserting "fiscal years 2021 through 2024".

(e) REPORT TO CONGRESS.—Not later than 1 year after the date of the enactment of this Act, the Associate Administrator for International Trade of the Small Business Administration shall submit to Congress a report on the State Trade Expansion Program established under section 22(l) of the Small Business Act (15 U.S.C. 649(l)) that includes a description of—

(1) the process developed for review of revised budget plans submitted under section 22(l)(3)(F) of the Small Business Act, as added by this Act;

(2) any changes made to streamline the application process to remove duplicative requirements and create a more transparent process;

(3) the process developed to share best practices by States described in section 22(l)(8)(B)(i)(V) (as redesignated by this Act), particularly for first-time grant recipients under the State Trade Expansion Program or grant recipients that are facing problems using grant funds; and

(4) the process developed to communicate, both verbally and in writing, relevant information about the State Trade Expansion Program to all grant recipients in a timely manner.

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116TH CONGRESS
2D SESSION

H. R. 6021

To amend the Small Business Act to ensure that the Commonwealth of the Northern Mariana Islands is eligible for certain Small Business Administration programs, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 28, 2020

Mr. SABLAN (for himself and Mrs. RADEWAGEN) introduced the following bill; which was referred to the Committee on Small Business

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A BILL

To amend the Small Business Act to ensure that the Commonwealth of the Northern Mariana Islands is eligible for certain Small Business Administration programs, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Northern Mariana Islands Small Business Development Act".

SEC. 2. ELIGIBILITY OF THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS FOR CERTAIN SMALL BUSINESS ADMINISTRATION PROGRAMS.

The Small Business Act is amended—

(1) in section 21(a) (15 U.S.C. 648(a))—

(A) in paragraph (1), by inserting before "The Administration shall require" the following new sentence: "The previous sentence shall not apply to an applicant that has its principal office located in the Commonwealth of the Northern Mariana Islands."; and

(B) in paragraph (4)(C)(ix), by striking "and American Samoa" and inserting "American Samoa, and the Commonwealth of the Northern Mariana Islands"; and

(2) in section 34(a)(9) (15 U.S.C. 657d(a)(9)), by striking "and American Samoa" and inserting "American Samoa, and the Commonwealth of the Northern Mariana Islands".

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