To provide assistance to small businesses impacted by COVID–19, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. RUBIO introduced the following bill; which was read twice and referred to the Committee on ____________________

A BILL

To provide assistance to small businesses impacted by COVID–19, and for other purposes.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the [“___________ Act of ________”].

SEC. 2. DEFINITIONS.

In this Act—

(1) the terms “Administration” and “Adminis-
trator” mean the Small Business Administration and the Administrator thereof; and

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SEC. 3. 7(A) LOAN PROGRAM.

(a) Definition of Covered Period.—In this section, the term “covered period” means the period beginning on the date of enactment of this Act and ending on December 31, 2020.

(b) Increased Eligibility for Private Nonprofit Organizations and Medium-Sized Businesses.—During the covered period, the following entities are eligible to receive a loan made under section 7(a) of the Small Business Act (15 U.S.C. 636(a)):

(1) A private nonprofit organization.

(2) A business concern that is not more than 300 percent larger than the applicable size standard established for categorizing a business concern as a small business concern under section 3(a) of the Small Business Act (15 U.S.C. 632(a)).

(c) Maximum Loan Amount.—During the covered period, with respect to any loan guaranteed under section 7(a) of the Small Business Act (15 U.S.C. 636(a)) for which an application is approved or pending approval on or after the date of enactment of this Act—
(1) the maximum loan amount shall be
$10,000,000; and

(2) the loan amount shall be determined based
on the revenue of the applicant during the 1-year pe-
period preceding the date on which the loan is made.

(d) ALLOWABLE USES OF PROGRAM LOANS.—

(1) IN GENERAL.—During the covered period, a
recipient of a loan made under section 7(a) of the
Small Business Act (15 U.S.C. 636(a)) (including a
recipient of assistance under the Community Advan-
tage Pilot Program of the Administration) may use
the proceeds of the loan for—

(A) payroll support, including paid sick,
medical, or family leave, and costs related to
the continuation of group health care benefits
during those periods of leave;

(B) employee salaries;

(C) mortgage payments; and

(D) any other debt obligations.

(2) DELEGATED AUTHORITY.—

(A) IN GENERAL.—For purposes of mak-
ing loans for the purposes described in subpara-
graphs (A) through (D) of paragraph (1), a
lender under section 7(a) of the Small Business
Act (15 U.S.C. 636(a)) shall be considered to
have delegated authority to make and approve
loans under such section 7(a) based on an eval-
uation of the eligibility of the borrower.

(B) CONSIDERATIONS.—In evaluating the
eligibility of a borrower for a loan under section
7(a) of the Small Business Act (15 U.S.C.
636(a)) with the terms described in this sub-
section and subsection (c), a lender shall only
consider whether the borrower—

(i) was in operation on March 1,
2020; and

(ii) had employees for whom the bor-
rower paid salaries and payroll taxes.

(3) LIMITATION.—A borrower that receives as-
assistance under section 7(b)(2) of the Small Business
Act (15 U.S.C. 636(b)(2)) related to COVID–19 for
purposes of paying payroll and providing payroll
support shall not be eligible for a loan described in
paragraph (1) for the same purpose.

(e) FEE WAIVER FOR 7(A) LOANS.—During the cov-
ered period, with respect to each loan guaranteed under
section 7(a) of the Small Business Act (15 U.S.C.
636(a))—

(1) in lieu of the fee otherwise applicable under
section 7(a)(23)(A) of the Small Business Act (15
U.S.C. 636(a)(23)(A)), the Administrator shall collect no fee or reduce fees to the maximum extent possible; and

(2) for which the application is approved on or after the date of enactment of this Act, the Administrator shall, in lieu of the fee otherwise applicable under section 7(a)(18)(A) of the Small Business Act (15 U.S.C. 636(a)(18)(A)), collect no fee or reduce fees to the maximum extent possible.

(f) GUARANTEE AMOUNT FOR 7(A) LOANS.—

(1) IN GENERAL.—Section 7(a)(2)(A) of the Small Business Act (15 U.S.C. 636(a)(2)(A)) is amended by striking “equal to—” and all that follows through the end of the subparagraph and inserting “equal to 100 percent of the balance of the financing outstanding at the time of disbursement of the loan.”.

(2) PROSPECTIVE REPEAL.—Effective on January 1, 2021, section 7(a)(2)(A) of the Small Business Act (15 U.S.C. 636(a)(2)(A)) is amended by striking “equal to 90 percent of the balance of financing outstanding at the time of disbursement of the loan” and inserting “equal to—

“(i) 75 percent of the balance of the financing outstanding at the time of dis-
bursement of the loan, if such balance exceeds $150,000; or

“(ii) 85 percent of the balance of the financing outstanding at the time of disbursement of the loan, if such balance is less than or equal to $150,000.”.

(g) DEFERMENT OF 7(A) LOANS.—

(1) DEFINITION OF IMPACTED BORROWER.—

(A) IN GENERAL.—In this subsection, the term “impacted borrower” means a small business concern, a business concern described in subsection (b)(2), or a private nonprofit organization that—

(i) is in operation on March 1, 2020; and

(ii) has an application for a loan made under section 7(a) of the Small Business Act (15 U.S.C. 636(a)) that is approved or pending approval on or after the date of enactment of this Act.

(B) PRESUMPTION.—For purposes of this subsection, an impacted borrower is presumed to have been adversely impacted by COVID–19.

(2) DEFERRAL.—During the covered period, the Administrator shall—
(A) consider each small business concern, business concern described in subsection (b)(2), or private nonprofit organization that applies for a loan under section 7(a) of the Small Business Act (15 U.S.C. 636(a)) to be an impacted borrower; and

(B) permit lenders under such section 7(a) to provide complete payment deferment relief for impacted borrowers with loans guaranteed under such section 7(a) for a period of not more than 1 year.

(3) SECONDARY MARKET.—During the covered period, with respect to a loan made under 7(a) of the Small Business Act (15 U.S.C. 636(a)) that is sold on the secondary market, if an investor declines to approve a deferral requested by a lender under paragraph (2), the Administrator shall exercise the authority to purchase the loan so that the impacted borrower may receive a deferral for a period of not more than 1 year.

(4) GUIDANCE.—Not later than 30 days after the date of enactment of this Act, the Administrator shall provide guidance to lenders under section 7(a) of the Small Business Act (15 U.S.C. 636(a)) on the deferment process described in this subsection.
(h) COMMITMENTS FOR 7(A) LOANS.—During the covered period—

(1) there shall be no limitation on the commitments for general business loans authorized under section 7(a) of the Small Business Act (15 U.S.C. 636(a)); and

(2) the amount authorized for commitments for such loans under the heading “BUSINESS LOANS PROGRAM ACCOUNT” under the heading “SMALL BUSINESS ADMINISTRATION” under title V of the Consolidated Appropriations Act, 2020 (Public Law 116–93; 133 Stat. 2475) shall not apply.

(i) EXPRESS LOANS.—

(1) IN GENERAL.—Section 7(a)(31)(D) of the Small Business Act (15 U.S.C. 636(a)(31)(D)) is amended by striking “$350,000” and inserting “$1,000,000”.

(2) PROSPECTIVE REPEAL.—Effective on January 1, 2021, section 7(a)(31)(D) of the Small Business Act (15 U.S.C. 636(a)(31)(D)) is amended by striking “$1,000,000” and inserting “$500,000”.

SEC. 4. ENTREPRENEURIAL DEVELOPMENT.

(a) DEFINITIONS.—In this section—
(1) the term “covered small business concern” means a small business concern that is located in an area that is substantially affected by the COVID–19;

(2) the term “resource partner” means—

(A) a small business development center;

and

(B) a women’s business center;

(3) the term “small business development center” has the meaning given the term in section 3 of the Small Business Act (15 U.S.C. 632);

(4) the term “substantially affected by COVID–19” means, with respect to a covered small business concern, that the covered small business concern has experienced—

(A) supply chain disruptions, including changes in—

(i) quantity and lead time, including the number of shipments of components and delays in shipments;

(ii) quality, including shortages in supply for quality control reasons; and

(iii) technology, including a compromised payment network;

(B) staffing challenges;

(C) a decrease in sales or customers; or
(D) shuttered businesses; and

(5) the term “women’s business center” means a women’s business center described in section 29 of the Small Business Act (15 U.S.C. 656).

(b) EDUCATION, TRAINING, AND ADVISING GRANTS.—

(1) IN GENERAL.—The Administration may provide financial assistance in the form of grants to resource partners to provide education, training, and advising to covered small business concerns.

(2) USE OF FUNDS.—Grants under this section shall be used for the education, training, and advising of covered small business concerns and their employees on—

(A) on accessing and applying for resources provided by the Administration and other Federal resources relating to access to capital and business resiliency;

(B) the hazards of and prevention of the transmission and communication of COVID–19 and other communicable diseases;

(C) the potential effects of COVID–19 on the supply chains, distribution, and sale of products of covered small business concerns and the mitigation of those effects;
(D) the management and practice of telework to reduce possible transmission of COVID–19;

(E) the management and practice of remote customer service by electronic or other means;

(F) the risks of and mitigation of cyber threats in remote customer service or telework practices;

(G) the mitigation of the effects of reduced travel or outside activities on covered small businesses during COVID–19 or similar occurrences; and

(H) any other relevant business practices necessary to mitigate the economic effects of COVID–19 or similar occurrences.

(3) GRANT DETERMINATION.—

(A) SMALL BUSINESS DEVELOPMENT CENTERS.—The Administration shall award 80 percent of funds authorized to carry out this subsection to small business development centers, which shall be awarded pursuant to a formula jointly developed, negotiated, and agreed upon, with full participation of both parties, between the association formed under section

(B) WOMEN’S BUSINESS CENTERS.—The Administration shall award 20 percent of funds authorized to carry out this subsection to women’s business centers, which shall be awarded pursuant to a process established by the Administration in consultation with recipients of assistance.

(C) NO MATCHING FUNDS REQUIRED.—Matching funds shall not be required for any grant under this subsection.

(4) GOALS AND METRICS.—

(A) IN GENERAL.—Goals and metrics for the funds made available under this subsection shall be jointly developed, negotiated, and agreed upon, with full participation of both parties, between the resource partners and the Administrator, which shall—

(i) take into consideration the extent of the circumstances relating to the spread of COVID–19, or similar occurrences, that affect covered small business concerns located in the areas covered by the resource
partner, particularly in rural areas or economically distressed areas;

(ii) generally follow the use of funds outlined in paragraph (2), but not shall re-

strict the activities of resource partners in responding to unique situations; and

(iii) encourage resource partners to develop and provide services to covered small business concerns.

(B) PUBLIC AVAILABILITY.—The Adminis-

trator shall make publicly available the method-

ology by which the Administrator and resource partners jointly develop the metrics and goals described in subparagraph (A).

(5) AUTHORIZATION OF APPROPRIATIONS.—

There is authorized to be appropriated $50,000,000 to carry out this subsection, to remain available until expended.

(c) RESOURCE PARTNER ASSOCIATION GRANTS.—

(1) IN GENERAL.—The Administrator may pro-

vide grants to an association or associations represent-
(A) an online platform that consolidates resources and information available across multiple Federal agencies for small business concerns related to COVID–19; and

(B) a training program to educate resource partner counselors on the resources and information described in subparagraph (A).

(2) GOALS AND METRICS.—Goals and metrics for the funds made available under this subsection shall be jointly developed, negotiated, and agreed upon, with full participation of both parties, between the association or associations receiving a grant under this subsection and the Administrator.

(3) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $10,000,000 to carry out this subsection, to remain available until expended.

(d) REPORT.—Not later than 6 months after the date of enactment of this Act, 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 a report—

(1) that describes, with respect to the initial year covered by the report—
(A) the programs and services developed and provided by the Administration and resource partners under subsection (b);

(B) the initial efforts to provide those services under subsection (b); and

(C) the online platform and training developed and provided by the Administration and the association or associations under subsection (c); and

(2) that describes, with respect to the subsequent years covered by the report—

(A) with respect to the grant program under subsection (b)—

(i) the efforts of the Administrator and resource partners to develop services to assist covered small business concerns;

(ii) the challenges faced by owners of covered small business concerns in accessing services provided by the Administration and resource partners;

(iii) the number of unique covered small business concerns that were served by the Administration and resource partners; and
(iv) other relevant outcome performance data with respect to covered small business concerns, including the number of employees affected, the effect on sales, the disruptions of supply chains, and the efforts made by the Administration and resource partners to mitigate these effects; and

(B) with respect to the grant program under subsection (c)—

(i) the efforts of the Administrator and the association or associations to develop and evolve an online resource for small business concerns; and

(ii) the efforts of the Administrator and the association or associations to develop a training program for resource partner counselors, including the number of counselors trained.

SEC. 5. WAIVER OF MATCHING FUNDS REQUIREMENT UNDER THE WOMEN’S BUSINESS CENTER PROGRAM.

During the 3-month period beginning on the date of enactment of this Act, the requirement relating to obtaining cash contributions from non-Federal sources under
section 29(c)(1) of the Small Business Act (15 U.S.C. 656(c)(1)) is waived for any recipient of assistance under such section 29.

SEC. 6. LOAN FORGIVENESS.

(a) DEFINITIONS.—In this section—

(1) the term “covered 7(a) loan” means a loan guaranteed under section 7(a) of the Small Business Act (15 U.S.C. 636(a)) that is made during the covered period;

(2) the term “covered period” means the period beginning on March 1, 2020 and ending on June 1, 2020;

(3) the term “eligible recipient” means the recipient of a covered 7(a) loan; and

(4) the term “payroll costs” shall not include the compensation of an individual employee in excess of $50,000 during the covered period.

(b) FORGIVENESS.—An eligible recipient shall be eligible for forgiveness of indebtedness on a covered 7(a) loan in an amount equal to the cost of maintaining payroll continuity during the covered period.

(c) TREATMENT AS CANCELED INDEBTEDNESS.—Amounts which have been forgiven under this section shall be considered canceled indebtedness by lenders authorized
under section 7(a) of the Small Business Act (15 U.S.C. 636(a)).

(d) LIMITS ON AMOUNT OF FORGIVENESS.—

(1) IN GENERAL.—The amount of loan forgiveness under this section for an eligible recipient shall not exceed the lesser of—

(A) the total payroll costs incurred by the eligible recipient during the covered period; or

(B) 200 percent of the average monthly payroll cost incurred by the eligible recipient during January and February 2020.

(2) REDUCTION BASED ON REDUCTION IN NUMBER OF EMPLOYEES.—The amount of loan forgiveness under this section shall be reduced by the percentage equal to the difference obtained by subtracting—

(A) the quotient obtained by dividing—

(i) the average number of full time employees per month employed by the eligible recipient during the covered period; by

(ii)(I) the average number of full time employees per month employed by the eligible recipient during the period beginning
on March 1, 2019 and ending on June 1, 2019; or

(II) at the election of the eligible recipient, the lesser of—

(aa) the average number of full-time employees employed by the eligible recipient during January 2020; or

(bb) the average number of full-time employees per month employed by the eligible recipient during 2019; from

(B) 1.

(3) Reduction relating to compensation.—The amount of loan forgiveness under this section shall also be reduced by the amount of any reduction in compensation during the covered period of any employee who was compensated in an amount less than $50,000 during the period beginning on March 1, 2019 and ending on June 30, 2019.

(e) Application.—An eligible recipient seeking loan forgiveness under this section shall submit to the lender that originated the covered 7(a) loan an application, which shall include documentation verifying the number of full-time employees on payroll and pay rates for the periods described in subsection (d), including—
(1) payroll tax filings reported to the Internal Revenue Service;

(2) State income, payroll, and unemployment insurance filings; and

(3) any other documentation the Administrator determines necessary.

(f) PROHIBITION ON FORGIVENESS WITHOUT DOCUMENTATION.—No eligible recipient shall receive forgiveness under this section without submitting to the lender that originated the covered 7(a) loan the documentation required under subsection (e).

(g) DECISION.—Not later than 15 days after the date on which a lender receives an application for loan forgiveness under this section from an eligible recipient, the lender shall issue a decision on the application.

(h) TAXABILITY.—Canceled indebtedness under this section shall be excluded from gross income for purposes of the Internal Revenue Code of 1986.

(i) REGULATIONS.—Not later than 30 days after the date of enactment of this Act, the Administrator shall issue guidance and regulations implementing this section.

SEC. 7. DIRECT APPROPRIATIONS.

(a) IN GENERAL.—There is appropriated, out of amounts in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2020, to remain
available until September 30, 2021, for additional amounts—

(1) $299,400,000,000 under the heading “Small Business Administration—Business Loans Program Account” for the cost of guaranteed loans as authorized under section 7(a) of the Small Business Act (15 U.S.C. 636(a));

(2) $300,000,000 under the heading “Small Business Administration—Salaries and Expenses” for salaries and expenses of the Administration;

(3) $25,000,000 under the heading “Small Business Administration—Office of Inspector General” for necessary expenses of the Office of Inspector General of the Administration in carrying out the provisions of the Inspector General Act of 1978 (5 U.S.C. App.); and

(4) $275,000,000 under the heading “Small Business Administration—Entrepreneurial Development Programs” for small business development centers described in section 21 of the Small Business Act (15 U.S.C. 648) and women’s business centers described in section 29 of such Act (15 U.S.C. 656) to provide technical assistance to small business concerns.
(b) REPORTS.—Not later than 180 days after the date of enactment of this Act, the Administrator shall submit to the Committee on Appropriations of the Senate and the Committee on Appropriations of the House of Representatives a detailed expenditure plan for using the amounts appropriated under subsection (a).