

116TH CONGRESS  
2D SESSION

**S.** \_\_\_\_\_

To establish the Paycheck Protection Program Second Draw Loan and amend the 7(a) loan guaranty program for recovery sector business concerns, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

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Mr. RUBIO (for himself and Ms. COLLINS) introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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**A BILL**

To establish the Paycheck Protection Program Second Draw Loan and amend the 7(a) loan guaranty program for recovery sector business concerns, 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. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Continuing Small Business Recovery and Paycheck Pro-  
6 tection Program Act”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Definitions.
- Sec. 3. Emergency rulemaking authority.

#### TITLE I—PAYCHECK PROTECTION PROGRAM IMPROVEMENTS

- Sec. 101. Additional eligible expenses.
- Sec. 102. Lender safe harbor.
- Sec. 103. Selection of covered period for forgiveness.
- Sec. 104. Simplified application.
- Sec. 105. Group insurance payments as payroll costs.
- Sec. 106. Paycheck protection program second draw loans.
- Sec. 107. Continued access to the paycheck protection program.
- Sec. 108. Increased ability for paycheck protection program borrowers to request an increase in loan amount due to updated regulations.
- Sec. 109. Calculation of maximum loan amount for farmers and ranchers under the paycheck protection program.
- Sec. 110. Farm Credit System institutions.
- Sec. 111. Definition of seasonal employer.
- Sec. 112. Changes to the 7(a) loan guaranty program for recovery sector business concerns.
- Sec. 113. Eligibility of 501(c)(6) organizations for loans under the paycheck protection program.
- Sec. 114. Prohibition on use of loan proceeds for lobbying activities.
- Sec. 115. Effective date; applicability.
- Sec. 116. Bankruptcy provisions.
- Sec. 117. Conflicts of interest.

#### TITLE II—SMALL BUSINESS PROGRAMS GENERALLY

- Sec. 121. Small business investment company program.

#### TITLE III—APPROPRIATIONS

- Sec. 131. Commitment authority and appropriations.

### 1 **SEC. 2. DEFINITIONS.**

2 In this Act:

3 (1) ADMINISTRATION; ADMINISTRATOR.—The  
 4 terms “Administration” and “Administrator” mean  
 5 the Small Business Administration and the Adminis-  
 6 trator thereof.

7 (2) SMALL BUSINESS CONCERN.—The term  
 8 “small business concern” has the meaning given the  
 9 term in section 3 of the Small Business Act (15  
 10 U.S.C. 632).

1 **SEC. 3. EMERGENCY RULEMAKING AUTHORITY.**

2 Not later than 30 days after the date of enactment  
3 of this Act, the Administrator shall issue regulations to  
4 carry out this Act and the amendments made by this Act  
5 without regard to the notice requirements under section  
6 553(b) of title 5, United States Code.

7 **TITLE I—PAYCHECK PROTEC-**  
8 **TION PROGRAM IMPROVE-**  
9 **MENTS**

10 **SEC. 101. ADDITIONAL ELIGIBLE EXPENSES.**

11 (a) ALLOWABLE USE OF PPP LOAN.—Section  
12 7(a)(36)(F)(i) of the Small Business Act (15 U.S.C.  
13 636(a)(36)(F)(i)) is amended—

14 (1) in subclause (VI), by striking “and” at the  
15 end;

16 (2) in subclause (VII), by striking the period at  
17 the end and inserting a semicolon; and

18 (3) by adding at the end the following:

19 “(VIII) covered operations ex-  
20 penditures, as defined in section  
21 1106(a) of the CARES Act (15  
22 U.S.C. 9005(a));

23 “(IX) covered property damage  
24 costs, as defined in such section  
25 1106(a);

1                   “(X) covered supplier costs, as  
2                   defined in such section 1106(a); and

3                   “(XI) covered worker protection  
4                   expenditures, as defined in such sec-  
5                   tion 1106(a).”.

6           (b) LOAN FORGIVENESS.—Section 1106 of the  
7 CARES Act (15 U.S.C. 9005) is amended—

8           (1) in subsection (a)—

9                   (A) by redesignating paragraphs (6), (7),  
10                   and (8) as paragraphs (10), (11), and (12), re-  
11                   spectively;

12                   (B) by redesignating paragraph (5) as  
13                   paragraph (8);

14                   (C) by redesignating paragraph (4) as  
15                   paragraph (6);

16                   (D) by redesignating paragraph (3) as  
17                   paragraph (4);

18                   (E) by inserting after paragraph (2) the  
19                   following:

20                   “(3) the term ‘covered operations expenditure’  
21                   means a payment for any business software or cloud  
22                   computing service that facilitates business oper-  
23                   ations, product or service delivery, the processing,  
24                   payment, or tracking of payroll expenses, human re-  
25                   sources, sales and billing functions, or accounting or

1 tracking of supplies, inventory, records and ex-  
2 penses;”;

3 (F) by inserting after paragraph (4), as so  
4 redesignated, the following:

5 “(5) the term ‘covered property damage cost’  
6 means a cost related to property damage and van-  
7 dalism or looting due to public disturbances that oc-  
8 curred during 2020 that was not covered by insur-  
9 ance or other compensation;”;

10 (G) by inserting after paragraph (6), as so  
11 redesignated, the following:

12 “(5) the term ‘covered supplier cost’ means an  
13 expenditure made by an entity to a supplier of goods  
14 pursuant to a contract in effect before February 15,  
15 2020 for the supply of goods that are essential to  
16 the operations of the entity at the time at which the  
17 expenditure is made;”;

18 (H) by inserting after paragraph (8), as so  
19 redesignated, the following:

20 “(9) the term ‘covered worker protection ex-  
21 penditure’—

22 “(A) means an operating or a capital ex-  
23 penditure that is required to facilitate the adap-  
24 tation of the business activities of an entity to  
25 comply with requirements established or guid-

1           ance issued by the Department of Health and  
2           Human Services, the Centers for Disease Con-  
3           trol, or the Occupational Safety and Health Ad-  
4           ministration during the period beginning on  
5           March 1, 2020 and ending December 31, 2020  
6           related to the maintenance of standards for  
7           sanitation, social distancing, or any other work-  
8           er or customer safety requirement related to  
9           COVID-19;

10           “(B) may include—

11                   “(i) the purchase, maintenance, or  
12                   renovation of assets that create or ex-  
13                   pand—

14                           “(I) a drive-through window fa-  
15                           cility;

16                           “(II) an indoor, outdoor, or com-  
17                           bined air or air pressure ventilation or  
18                           filtration system;

19                           “(III) a physical barrier such as  
20                           a sneeze guard;

21                           “(IV) an indoor, outdoor, or com-  
22                           bined commercial real property;

23                           “(V) an onsite or offsite health  
24                           screening capability; or

1                   “(VI) other assets relating to the  
2                   compliance with the requirements or  
3                   guidance described in subparagraph  
4                   (A), as determined by the Adminis-  
5                   trator in consultation with the Sec-  
6                   retary of Health and Human Services  
7                   and the Secretary of Labor; and

8                   “(ii) the purchase of—

9                   “(I) covered materials described  
10                  in section 328.103(a) of title 44, Code  
11                  of Federal Regulations, or any suc-  
12                  cessor regulation;

13                  “(II) particulate filtering face-  
14                  piece respirators approved by the Na-  
15                  tional Institute for Occupational Safe-  
16                  ty and Health, including those ap-  
17                  proved only for emergency use author-  
18                  ization; or

19                  “(III) other kinds of personal  
20                  protective equipment, as determined  
21                  by the Administrator in consultation  
22                  with the Secretary of Health and  
23                  Human Services and the Secretary of  
24                  Labor; and

1 “(C) does not include residential real prop-  
2 erty or intangible property;” and

3 (I) in paragraph (11), as so redesign-  
4 nated—

5 (i) in subparagraph (C), by striking  
6 “and” at the end;

7 (ii) in subparagraph (D), by striking  
8 “and” at the end; and

9 (iii) by adding at the end the fol-  
10 lowing:

11 “(E) covered operations expenditures;

12 “(F) covered property damage costs;

13 “(G) covered supplier costs; and

14 “(H) covered worker protection expendi-  
15 tures; and”;

16 (2) in subsection (b), by adding at the end the  
17 following:

18 “(5) Any covered operations expenditure.

19 “(6) Any covered property damage cost.

20 “(7) Any covered supplier cost.

21 “(8) Any covered worker protection expendi-  
22 ture.”;

23 (3) in subsection (d)(8), by inserting “any pay-  
24 ment on any covered operations expenditure, any  
25 payment on any covered property damage cost, any



1 payment on any covered supplier cost, any payment  
2 on any covered worker protection expenditure,” after  
3 “rent obligation,”; and

4 (4) in subsection (e)—

5 (A) in paragraph (2), by inserting “pay-  
6 ments on covered operations expenditures, pay-  
7 ments on covered property damage costs, pay-  
8 ments on covered supplier costs, payments on  
9 covered worker protection expenditures,” after  
10 “lease obligations,”; and

11 (B) in paragraph (3)(B), by inserting  
12 “make payments on covered operations expendi-  
13 tures, make payments on covered property dam-  
14 age costs, make payments on covered supplier  
15 costs, make payments on covered worker protec-  
16 tion expenditures,” after “rent obligation,”.

17 **SEC. 102. LENDER SAFE HARBOR.**

18 Subsection (h) of section 1106 of the CARES Act  
19 (15 U.S.C. 9005) is amended to read as follows:

20 “(h) HOLD HARMLESS.—

21 “(1) IN GENERAL.—A lender may rely on any  
22 certification or documentation submitted by an ap-  
23 plicant for a covered loan or an eligible recipient of  
24 a covered loan that—

1           “(A) is submitted pursuant to any statu-  
2           tory requirement relating to covered loans or  
3           any rule or guidance issued to carry out any ac-  
4           tion relating to covered loans; and

5           “(B) attests that the applicant or eligible  
6           recipient, as applicable, has accurately verified  
7           any certification or documentation provided to  
8           the lender.

9           “(2) NO ENFORCEMENT ACTION.—With respect  
10          to a lender that relies on a certification or docu-  
11          mentation described in paragraph (1)—

12           “(A) an enforcement action may not be  
13           taken against the lender acting in good faith re-  
14           lating to origination or forgiveness of a covered  
15           loan based on such reliance; and

16           “(B) the lender acting in good faith shall  
17           not be subject to any penalties relating to origi-  
18           nation or forgiveness of a covered loan based on  
19           such reliance.”.

20 **SEC. 103. SELECTION OF COVERED PERIOD FOR FORGIVE-**  
21 **NESS.**

22          Section 1106 of the CARES Act (15 U.S.C. 9005)  
23 is amended—

24           (1) by amending subsection (a)(3) to read as  
25          follows:

1           “(3) the term ‘covered period’ means the pe-  
2     riod—

3           “(A) beginning on the date of the origina-  
4     tion of a covered loan; and

5           “(B) ending on a date selected by the eligi-  
6     ble recipient of the covered loan that occurs  
7     during the period—

8           “(i) beginning on the date that is 8  
9     weeks after such date of origination; and

10           “(ii) ending on December 31, 2020;”;  
11     and

12           (2) by striking subsection (l).

13 **SEC. 104. SIMPLIFIED APPLICATION.**

14     Section 1106 of the CARES Act (15 U.S.C. 9005),  
15 as amended by section 103 of this Act, is amended—

16           (1) in subsection (e), in the matter preceding  
17     paragraph (1), by striking “An eligible” and insert-  
18     ing “Except as provided in subsection (l), an eligi-  
19     ble”;

20           (2) in subsection (f), by inserting “or the infor-  
21     mation required under subsection (l), as applicable”  
22     after “subsection (e)”; and

23           (3) by adding at the end the following:

24     “(l) SIMPLIFIED APPLICATION.—

25           “(1) COVERED LOANS UNDER \$150,000.—

1           “(A) IN GENERAL.—Notwithstanding sub-  
2 section (e), with respect to a covered loan made  
3 to an eligible recipient that is not more than  
4 \$150,000, the covered loan amount shall be for-  
5 given under this section if the eligible recipi-  
6 ent—

7           “(i) signs and submits to the lender  
8 an attestation that the eligible recipient  
9 made a good faith effort to comply with  
10 the requirements under section 7(a)(36) of  
11 the Small Business Act (15 U.S.C.  
12 636(a)(36)); and

13           “(ii) for the 3-year period following  
14 submission of the attestation under clause  
15 (i), retains records relevant to the attesta-  
16 tion that prove compliance with those re-  
17 quirements.

18           “(B) DEMOGRAPHIC INFORMATION.—An  
19 eligible recipient of a covered loan described in  
20 subparagraph (A) may complete and submit  
21 any form related to borrower demographic in-  
22 formation.

23           “(C) AUDIT.—The Administrator may—

24           “(i) review and audit covered loans  
25 described in subparagraph (A); and

1                   “(ii) in the case of fraud, ineligibility,  
2                   or other material noncompliance with ap-  
3                   plicable loan or loan forgiveness require-  
4                   ments, modify—

5                   “(I) the amount of a covered loan  
6                   described in subparagraph (A); or

7                   “(II) the loan forgiveness amount  
8                   with respect to a covered loan de-  
9                   scribed in subparagraph (A).

10                   “(2) COVERED LOANS BETWEEN \$150,000 AND  
11                   \$2,000,000.—

12                   “(A) IN GENERAL.—Notwithstanding sub-  
13                   section (e), with respect to a covered loan made  
14                   to an eligible recipient that is more than  
15                   \$150,000 and not more than \$2,000,000—

16                   “(i) the eligible recipient seeking loan  
17                   forgiveness under this section—

18                   “(I) is not required to submit the  
19                   supporting documentation described  
20                   in paragraph (1) or (2) of subsection  
21                   (e) or the certification described in  
22                   subsection (e)(3)(A);

23                   “(II) shall retain all relevant  
24                   schedules, worksheets, and supporting  
25                   documentation for the 3-year period

1 following submission of the applica-  
2 tion for loan forgiveness; and

3 “(III) may complete and submit  
4 any form related to borrower demo-  
5 graphic information;

6 “(ii) review by the lender of an appli-  
7 cation submitted by the eligible recipient  
8 for loan forgiveness under this section shall  
9 be limited to whether the lender received a  
10 complete application, with all fields com-  
11 pleted, initialed, or signed, as applicable;  
12 and

13 “(iii) the lender shall—

14 “(I) accept the application sub-  
15 mitted by the eligible recipient for  
16 loan forgiveness under this section;  
17 and

18 “(II) submit the application to  
19 the Administrator.

20 “(B) AUDIT.—The Administrator may—

21 “(i) review and audit covered loans  
22 described in subparagraph (A); and

23 “(ii) in the case of fraud, ineligibility,  
24 or other material noncompliance with ap-

1 plicable loan or loan forgiveness require-  
2 ments, modify—

3 “(I) the amount of a covered loan  
4 described in subparagraph (A); or

5 “(II) the loan forgiveness amount  
6 with respect to a covered loan de-  
7 scribed in subparagraph (A).

8 “(3) AUDIT PLAN.—

9 “(A) IN GENERAL.—Not later than 30  
10 days after the date of enactment of the Con-  
11 tinuing Small Business Recovery and Paycheck  
12 Protection Program Act, the Administrator  
13 shall submit to the Committee on Small Busi-  
14 ness and Entrepreneurship of the Senate and  
15 the Committee on Small Business of the House  
16 of Representatives an audit plan that details—

17 “(i) the policies and procedures of the  
18 Administrator for conducting reviews and  
19 audits of covered loans; and

20 “(ii) the metrics that the Adminis-  
21 trator shall use to determine which covered  
22 loans will be audited for each category of  
23 covered loans described in paragraphs (1)  
24 and (2).

1           “(B) REPORTS.—Not later than 30 days  
2 after the date on which the Administrator sub-  
3 mits the audit plan required under subpara-  
4 graph (A), and each month thereafter, the Ad-  
5 ministrator shall submit to the Committee on  
6 Small Business and Entrepreneurship of the  
7 Senate and the Committee on Small Business  
8 of the House of Representatives a report on the  
9 review and audit activities of the Administrator  
10 under this subsection, which shall include—

11                   “(i) the number of active reviews and  
12 audits;

13                   “(ii) the number of reviews and audits  
14 that have been ongoing for more than 60  
15 days; and

16                   “(iii) any substantial changes made to  
17 the audit plan submitted under subpara-  
18 graph (A).”.

19 **SEC. 105. GROUP INSURANCE PAYMENTS AS PAYROLL**  
20 **COSTS.**

21           Section 7(a)(36)(A)(viii)(I)(aa)(EE) of the Small  
22 Business Act (15 U.S.C. 636(a)(36)(A)(viii)(I)(aa)(EE))  
23 is amended by inserting “and other group insurance” be-  
24 fore “benefits”.



1 **SEC. 106. PAYCHECK PROTECTION PROGRAM SECOND**  
2 **DRAW LOANS.**

3 Section 7(a) of the Small Business Act (15 U.S.C.  
4 636(a)) is amended by adding at the end the following:

5 “(37) PAYCHECK PROTECTION PROGRAM SEC-  
6 OND DRAW LOANS.—

7 “(A) DEFINITIONS.—In this paragraph—

8 “(i) the terms ‘community financial  
9 institutions’, ‘credit union’, ‘eligible self-  
10 employed individual’, ‘insured depository  
11 institution’, ‘nonprofit organization’, ‘pay-  
12 roll costs’, ‘seasonal employer’, and ‘vet-  
13 erans organization’ have the meanings  
14 given those terms in paragraph (36), ex-  
15 cept that ‘eligible entity’ shall be sub-  
16 stituted for ‘eligible recipient’ each place it  
17 appears in the definitions of those terms;

18 “(ii) the term ‘covered loan’ means a  
19 loan made under this paragraph;

20 “(iii) the terms ‘covered mortgage ob-  
21 ligation’, ‘covered operating expenditure’,  
22 ‘covered property damage cost’, ‘covered  
23 rent obligation’, ‘covered supplier cost’,  
24 ‘covered utility payment’, and ‘covered  
25 worker protection expenditure’ have the  
26 meanings given those terms in section

1 1106(a) of the CARES Act (15 U.S.C.  
2 9005(a));

3 “(iv) the term ‘covered period’ means  
4 the period beginning on the date of the  
5 origination of a covered loan and ending on  
6 December 31, 2020;

7 “(v) the terms ‘exchange’, ‘issuer’,  
8 and ‘security’ have the meanings given  
9 those terms in section 3(a) of the Securi-  
10 ties Exchange Act of 1934 (15 U.S.C.  
11 78c(a));

12 “(vi) the term ‘eligible entity’—

13 “(I) means any business concern,  
14 nonprofit organization, veterans orga-  
15 nization, Tribal business concern, eli-  
16 gible self-employed individual, sole  
17 proprietor, independent contractor, or  
18 small agricultural cooperative that—

19 “(aa)(AA) with respect to a  
20 business concern, would qualify  
21 as a small business concern by  
22 the annual receipts size standard  
23 (if applicable) established by sec-  
24 tion 121.201 of title 13, Code of

1 Federal Regulations, or any suc-  
2 cessor regulation; or

3 “(BB) if the entity does not  
4 qualify as a small business con-  
5 cern, meets the alternative size  
6 standard established under sec-  
7 tion 3(a)(5);

8 “(bb) employs not more  
9 than 300 employees; and

10 “(cc)(AA) except as provided  
11 in subitems (BB), (CC), and  
12 (DD), had gross receipts during  
13 the first or second quarter in  
14 2020 that are not less than 50  
15 percent less than the gross re-  
16 cepts of the entity during the  
17 same quarter in 2019;

18 “(BB) if the entity was not  
19 in business during the first or  
20 second quarter of 2019, but was  
21 in business during the third and  
22 fourth quarter of 2019, had gross  
23 receipts during the first or sec-  
24 ond quarter of 2020 that are less  
25 than 50 percent of the amount of

1 the gross receipts of the entity  
2 during the third or fourth quar-  
3 ter of 2019;

4 “(CC) if the entity was not  
5 in business during the first, sec-  
6 ond, or third quarter of 2019,  
7 but was in business during the  
8 fourth quarter of 2019, had gross  
9 receipts during the first or sec-  
10 ond quarter of 2020 that are less  
11 than 50 percent of the amount of  
12 the gross receipts of the entity  
13 during the fourth quarter of  
14 2019; or

15 “(DD) if the entity was not  
16 in business during 2019, but was  
17 in operation on February 15,  
18 2020, had gross receipts during  
19 the second quarter of 2020 that  
20 are less than 50 percent of the  
21 amount of the gross receipts of  
22 the entity during the first quar-  
23 ter of 2020; and

24 “(II) does not include—

1           “(aa) an issuer, the securi-  
2           ties of which are listed on an ex-  
3           change registered a national se-  
4           curities exchange under section 6  
5           of the Securities Exchange Act of  
6           1934 (15 U.S.C. 78f);

7           “(bb) any entity that—

8           “(AA) is a type of busi-  
9           ness concern described in  
10          subsection (b), (c), (d), (e),  
11          (f), (h), (l) (m), (p), (q), (r),  
12          or (s) of section 120.110 of  
13          title 13, Code of Federal  
14          Regulations, or any suc-  
15          cessor regulation;

16          “(BB) is a type of busi-  
17          ness concern described in  
18          section 120.110(g) of title  
19          13, Code of Federal Regula-  
20          tions, or any successor regu-  
21          lation, except as otherwise  
22          provided in the interim final  
23          rule of the Administration  
24          entitled ‘Business Loan Pro-  
25          gram Temporary Changes;

1 Paycheck Protection Pro-  
2 gram—Additional Eligibility  
3 Criteria and Requirements  
4 for Certain Pledges of  
5 Loans’ (85 Fed. Reg. 21747  
6 (April 20, 2020));

7 “(CC) is a type of busi-  
8 ness concern described in  
9 section 120.110(i) of title  
10 13, Code of Federal Regula-  
11 tions, or any successor regu-  
12 lation, except if the business  
13 concern is an organization  
14 described in paragraph  
15 (36)(D)(vii);

16 “(DD) is a type of  
17 business concern described  
18 in section 120.110(j) of title  
19 13, Code of Federal Regula-  
20 tions, or any successor regu-  
21 lation, except as otherwise  
22 provided in the interim final  
23 rules of the Administration  
24 entitled ‘Business Loan Pro-  
25 gram Temporary Changes;

1 Paycheck Protection Pro-  
2 gram—Eligibility of Certain  
3 Electric Cooperatives’ (85  
4 Fed. Reg. 29847 (May 19,  
5 2020)) and ‘Business Loan  
6 Program Temporary  
7 Changes; Paycheck Protec-  
8 tion Program—Eligibility of  
9 Certain Telephone Coopera-  
10 tives’ (85 Fed. Reg. 35550  
11 (June 11, 2020)) or any  
12 other guidance or rule  
13 issued or that may be issued  
14 by the Administrator;

15 “(EE) is a type of busi-  
16 ness concern described in  
17 section 120.110(n) of title  
18 13, Code of Federal Regula-  
19 tions, or any successor regu-  
20 lation, except as otherwise  
21 provided in the interim final  
22 rule of the Administration  
23 entitled ‘Business Loan Pro-  
24 gram Temporary Changes;  
25 Paycheck Protection Pro-

1                   gram—Additional Eligibility  
2                   Revisions to First Interim  
3                   Final Rule’ (85 Fed. Reg.  
4                   38301 (June 26, 2020)) or  
5                   any other guidance or rule  
6                   issued or that may be issued  
7                   by the Administrator;

8                   “(FF) is a type of busi-  
9                   ness concern described in  
10                  section 120.110(o) of title  
11                  13, Code of Federal Regula-  
12                  tions, or any successor regu-  
13                  lation, except as otherwise  
14                  provided in any guidance or  
15                  rule issued or that may be  
16                  issued by the Administrator;  
17                  or

18                  “(GG) is an entity that  
19                  is organized for research or  
20                  for engaging in advocacy in  
21                  areas such as public policy  
22                  or political strategy or other-  
23                  wise describes itself as a  
24                  think tank in any public  
25                  documents;



1                   “(HH) is an entity that  
2                   would be described in the  
3                   subsections listed in  
4                   subitems (AA) through (GG)  
5                   if the entity were a business  
6                   concern; or

7                   “(II) is assigned, or  
8                   was approved for a loan  
9                   under paragraph (36) with,  
10                  a North American Industry  
11                  Classification System code  
12                  beginning with 52;

13                  “(cc) any business concern  
14                  or entity primarily engaged in  
15                  political or lobbying activities,  
16                  which shall include any entity  
17                  that is organized for research or  
18                  for engaging in advocacy in areas  
19                  such as public policy or political  
20                  strategy or otherwise describes  
21                  itself as a think tank in any pub-  
22                  lic documents; or

23                  “(dd) any business concern  
24                  or entity—

1                   “(AA) for which an en-  
2                   tity created in or organized  
3                   under the laws of the Peo-  
4                   ple’s Republic of China or  
5                   the Special Administrative  
6                   Region of Hong Kong, or  
7                   that has significant oper-  
8                   ations in the People’s Re-  
9                   public of China or the Spe-  
10                  cial Administrative Region  
11                  of Hong Kong, owns or  
12                  holds, directly or indirectly,  
13                  not less than 20 percent of  
14                  the economic interest of the  
15                  business concern or entity,  
16                  including as equity shares or  
17                  a capital or profit interest in  
18                  a limited liability company  
19                  or partnership; or

20                  “(BB) that retains, as  
21                  a member of the board of di-  
22                  rectors of the business con-  
23                  cern, a person who is a resi-  
24                  dent of the People’s Repub-  
25                  lic of China; and

1                   “(vii) the term ‘Tribal business con-  
2                   cern’ means a Tribal business concern de-  
3                   scribed in section 31(b)(2)(C).

4                   “(B) LOANS.—Except as otherwise pro-  
5                   vided in this paragraph, the Administrator may  
6                   guarantee covered loans to eligible entities  
7                   under the same terms, conditions, and processes  
8                   as a loan made under paragraph (36).

9                   “(C) MAXIMUM LOAN AMOUNT.—

10                   “(i) IN GENERAL.—Except as other-  
11                   wise provided in this subparagraph, the  
12                   maximum amount of a covered loan made  
13                   to an eligible entity is the lesser of—

14                   “(I) the product obtained by mul-  
15                   tiplying—

16                   “(aa) the average total  
17                   monthly payment for payroll  
18                   costs incurred or paid by the eli-  
19                   gible entity during the 1-year pe-  
20                   riod before the date on which the  
21                   loan is made; by

22                   “(bb) 2.5; or

23                   “(II) \$2,000,000.

24                   “(ii) SEASONAL EMPLOYERS.—The  
25                   maximum amount of a covered loan made

1 to an eligible entity that is a seasonal em-  
2 ployer is the lesser of—

3 “(I) the product obtained by mul-  
4 tipling—

5 “(aa) at the election of the  
6 eligible entity, the average total  
7 monthly payments for payroll  
8 costs incurred or paid by the eli-  
9 gible entity—

10 “(AA) for a 12-week  
11 period beginning February  
12 15, 2019 or March 1, 2019  
13 and ending June 30, 2019;  
14 or

15 “(BB) for a consecutive  
16 12-week period between May  
17 1, 2019 and September 15,  
18 2019; by

19 “(bb) 2.5; or

20 “(II) \$1,000,000.

21 “(iii) NEW ENTITIES.—The maximum  
22 amount of a covered loan made to an eligi-  
23 ble entity that did not exist during the 1-  
24 year period preceding February 15, 2020  
25 is the lesser of—

1 “(I) the product obtained by mul-  
2 tipling—

3 “(aa) the quotient obtained  
4 by dividing—

5 “(AA) the sum of the  
6 total monthly payments by  
7 the eligible entity for payroll  
8 costs paid or incurred by the  
9 eligible entity as of the date  
10 on which the eligible entity  
11 applies for the covered loan;  
12 by

13 “(BB) the number of  
14 months in which those pay-  
15 roll costs were paid or in-  
16 curred; by

17 “(bb) 2.5; or

18 “(II) \$2,000,000.

19 “(iv) BUSINESS CONCERNS WITH  
20 MORE THAN 1 PHYSICAL LOCATION.—

21 “(I) IN GENERAL.—Any eligible  
22 entity that employs not more than  
23 300 employees per physical location of  
24 the eligible entity and that is assigned  
25 a North American Industry Classifica-

1                   tion System Code beginning with 72  
2                   at the time of disbursal shall be eligi-  
3                   ble to receive a covered loan.

4                   “(II) LIMIT FOR MULTIPLE LO-  
5                   CATIONS.—With respect to an eligible  
6                   entity with more than 1 physical loca-  
7                   tion, the total amount of all covered  
8                   loans shall be not more than  
9                   \$2,000,000.

10                  “(v) LOAN NUMBER LIMITATION.—An  
11                  eligible entity may only receive 1 covered  
12                  loan.

13                  “(vi) 90 DAY RULE FOR MAXIMUM  
14                  LOAN AMOUNT.—The maximum aggregate  
15                  loan amount of loans guaranteed under  
16                  this subsection that are approved for an el-  
17                  igible entity (including any affiliates) with-  
18                  in 90 days of approval of another loan  
19                  under this subsection for the eligible entity  
20                  (including any affiliates) shall not exceed  
21                  \$10,000,000.

22                  “(D) EXCEPTION FROM CERTAIN CERTIFI-  
23                  CATION REQUIREMENTS.—An eligible entity ap-  
24                  plying for a covered loan shall not be required

1 to make the certification described in subclause  
2 (III) or (IV) of paragraph (36)(G)(i).

3 “(E) FEE WAIVER.—With respect to a cov-  
4 ered loan—

5 “(i) in lieu of the fee otherwise appli-  
6 cable under paragraph (23)(A), the Ad-  
7 ministrator shall collect no fee; and

8 “(ii) in lieu of the fee otherwise appli-  
9 cable under paragraph (18)(A), the Ad-  
10 ministrator shall collect no fee.

11 “(F) ELIGIBLE CHURCHES AND RELIGIOUS  
12 ORGANIZATIONS.—

13 “(i) SENSE OF CONGRESS.—It is the  
14 sense of Congress that the interim final  
15 rule of the Administration entitled ‘Busi-  
16 ness Loan Program Temporary Changes;  
17 Paycheck Protection Program’ (85 Fed.  
18 Reg. 20817 (April 15, 2020)) properly  
19 clarified the eligibility of churches and reli-  
20 gious organizations for loans made under  
21 paragraph (36).

22 “(ii) APPLICABILITY OF PROHIBI-  
23 TION.—The prohibition on eligibility estab-  
24 lished by section 120.110(k) of title 13,  
25 Code of Federal Regulations, or any suc-





1 and other securities, provided that the  
2 non-cash contribution is not sold by  
3 the organization in a transaction un-  
4 related to the tax-exempt purpose of  
5 the organization.

6 “(H) LOAN FORGIVENESS.—

7 “(i) IN GENERAL.—Except as pro-  
8 vided otherwise provided in this subpara-  
9 graph, an eligible entity shall be eligible for  
10 forgiveness of indebtedness on a covered  
11 loan in the same manner as an eligible re-  
12 cipient with respect to a loan made under  
13 paragraph (36), as described in section  
14 1106 of the CARES Act (15 U.S.C. 9005).

15 “(ii) FORGIVENESS AMOUNT.—An eli-  
16 gible entity shall be eligible for forgiveness  
17 of indebtedness on a covered loan in an  
18 amount equal to the sum of the following  
19 costs incurred or expenditures made during  
20 the covered period:

21 “(I) Payroll costs.

22 “(II) Any payment of interest on  
23 any covered mortgage obligation  
24 (which shall not include any prepay-

1                   ment of or payment of principal on a  
2                   covered mortgage obligation).

3                   “(III) Any covered operations ex-  
4                   penditure.

5                   “(IV) Any covered property dam-  
6                   age cost.

7                   “(V) Any payment on any cov-  
8                   ered rent obligation.

9                   “(VI) Any covered utility pay-  
10                  ment.

11                  “(VII) Any covered supplier cost.

12                  “(VIII) Any covered worker pro-  
13                  tection expenditure.

14                  “(iii) LIMITATION ON FORGIVENESS  
15                  FOR ALL ELIGIBLE ENTITIES.—The for-  
16                  giveness amount under this subparagraph  
17                  shall be equal to the lesser of—

18                  “(I) the amount described in  
19                  clause (ii); and

20                  “(II) the amount equal to the  
21                  quotient obtained by dividing—

22                          “(aa) the amount of the cov-  
23                          ered loan used for payroll costs  
24                          during the covered period; and

25                          “(bb) 0.60.

1           “(I) LENDER ELIGIBILITY.—Except as  
2 otherwise provided in this paragraph, a lender  
3 approved to make loans under paragraph (36)  
4 may make covered loans under the same terms  
5 and conditions as in paragraph (36).

6           “(J) REIMBURSEMENT FOR LOAN PROC-  
7 ESSING AND SERVICING.—The Administrator  
8 shall reimburse a lender authorized to make a  
9 covered loan in an amount that is—

10                   “(i) 3 percent of the principal amount  
11 of the financing of the covered loan up to  
12 \$350,000; and

13                   “(ii) 1 percent of the principal  
14 amount of the financing of the covered  
15 loan above \$350,000, if applicable.

16           “(K) SET ASIDE FOR SMALL ENTITIES.—  
17 Not less than \$25,000,000,000 of the total  
18 amount of covered loans guaranteed by the Ad-  
19 ministrator shall be made to eligible entities  
20 with not more than 10 employees as of Feb-  
21 ruary 15, 2020.

22           “(L) SET ASIDE FOR COMMUNITY FINAN-  
23 CIAL INSTITUTIONS, SMALL INSURED DEPOSI-  
24 TORY INSTITUTIONS, CREDIT UNIONS, AND  
25 FARM CREDIT SYSTEM INSTITUTIONS.—Not less

1 than \$10,000,000,000 of the total amount of  
2 covered loans guaranteed by the Administrator  
3 shall be made by—

4 “(i) community financial institutions;

5 “(ii) insured depository institutions  
6 with consolidated assets of less than  
7 \$10,000,000,000;

8 “(iii) credit unions with consolidated  
9 assets of less than \$10,000,000,000; and

10 “(iv) institutions of the Farm Credit  
11 System chartered under the Farm Credit  
12 Act of 1971 (12 U.S.C. 2001 et seq.) with  
13 consolidated assets of less than  
14 \$10,000,000,000 (not including the Fed-  
15 eral Agricultural Mortgage Corporation).

16 “(M) PUBLICATION OF GUIDANCE.—Not  
17 later than 10 days after the date of enactment  
18 of this paragraph, the Administrator shall issue  
19 guidance addressing barriers to accessing cap-  
20 ital for minority, underserved, veteran, and  
21 women-owned business concerns for the purpose  
22 of ensuring equitable access to covered loans.

23 “(N) STANDARD OPERATING PROCEDURE.—The Administrator shall, to the max-  
24 imum extent practicable, allow a lender ap-  
25

1           proved to make covered loans to use existing  
2           program guidance and standard operating pro-  
3           cedures for loans made under this subsection.

4           “(O) COMPLIANCE WITH OVERSIGHT RE-  
5           QUIREMENTS.—

6                   “(i) IN GENERAL.—Except as pro-  
7                   vided in clause (ii), on and after the date  
8                   of enactment of this paragraph, the Ad-  
9                   ministrators shall comply with any data or  
10                  information requests or inquiries made by  
11                  the Comptroller General of the United  
12                  States or the Inspector General of any  
13                  agency not later than 30 days (or such  
14                  later date as the Comptroller General or  
15                  Inspector General, as applicable, may  
16                  specify) after receiving the request or in-  
17                  quiry.

18                  “(ii) EXCEPTION.—If the Adminis-  
19                  trator is unable to comply with a request  
20                  or inquiry described in clause (i) within the  
21                  30-day period or, if applicable, later period  
22                  described in that clause, the Administrator  
23                  shall, during that 30-day (or later) period,  
24                  submit to the Committee on Small Busi-  
25                  ness and Entrepreneurship of the Senate

1 and the Committee on Small Business of  
2 the House of Representatives a notification  
3 that includes a detailed justification for the  
4 inability of the Administrator to comply  
5 with the request or inquiry.

6 “(P) PROHIBITION ON USE OF PROCEEDS  
7 FOR LOBBYING ACTIVITIES.—None of the pro-  
8 ceeds of a covered loan may be used for lob-  
9 bying activities, as defined in section 3 of the  
10 Lobbying Disclosure Act of 1995 (2 U.S.C.  
11 1602).”.

12 **SEC. 107. CONTINUED ACCESS TO THE PAYCHECK PROTEC-**  
13 **TION PROGRAM.**

14 (a) IN GENERAL.—Section 7(a)(36)(E)(ii) of the  
15 Small Business Act (15 U.S.C. 636(a)(36)(E)(ii)) is  
16 amended by striking “\$10,000,000” and inserting  
17 “\$2,000,000”.

18 (b) APPLICABILITY OF MAXIMUM LOAN AMOUNT  
19 CALCULATION.—

20 (1) DEFINITIONS.—In this subsection, the  
21 terms “covered loan” and “eligible recipient” have  
22 the meanings given those terms in section 7(a)(36)  
23 of the Small Business Act (15 U.S.C. 636(a)(36)).

24 (2) APPLICABILITY.—The amendment made by  
25 subsection (a) shall apply only with respect to a cov-

1 covered loan applied for by an eligible recipient on or  
2 after the date of enactment of this Act.

3 **SEC. 108. INCREASED ABILITY FOR PAYCHECK PROTEC-**  
4 **TION PROGRAM BORROWERS TO REQUEST**  
5 **AN INCREASE IN LOAN AMOUNT DUE TO UP-**  
6 **DATED REGULATIONS.**

7 (a) DEFINITIONS.—In this section, the terms “cov-  
8 ered loan” and “eligible recipient” have the meanings  
9 given those terms in section 7(a)(36) of the Small Busi-  
10 ness Act (15 U.S.C. 636(a)(36)).

11 (b) INCREASED AMOUNT.—Notwithstanding the in-  
12 terim final rule issued by the Administration entitled  
13 “Business Loan Program Temporary Changes; Paycheck  
14 Protection Program—Loan Increases” (85 Fed. Reg.  
15 29842 (May 19, 2020)), an eligible recipient of a covered  
16 loan that is eligible for an increased covered loan amount  
17 as a result of any interim final rule that allows for covered  
18 loan increases may submit a request for an increase in  
19 the covered loan amount even if—

20 (1) the initial covered loan amount has been  
21 fully disbursed; or

22 (2) the lender of the initial covered loan has  
23 submitted to the Administration a Form 1502 report  
24 related to the covered loan.

1 **SEC. 109. CALCULATION OF MAXIMUM LOAN AMOUNT FOR**  
2 **FARMERS AND RANCHERS UNDER THE PAY-**  
3 **CHECK PROTECTION PROGRAM.**

4 (a) IN GENERAL.—Section 7(a)(36) of the Small  
5 Business Act (15 U.S.C. 636(a)(36)), as amended by sec-  
6 tion 107 of this Act, is amended—

7 (1) in subparagraph (E), in the matter pre-  
8 ceding clause (i), by striking “During” and inserting  
9 “Except as provided in subparagraph (T), during”;  
10 and

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

12 “(T) CALCULATION OF MAXIMUM LOAN  
13 AMOUNT FOR FARMERS AND RANCHERS.—

14 “(i) DEFINITION.—In this subpara-  
15 graph, the term ‘covered recipient’ means  
16 an eligible recipient that—

17 “(I) operates as a sole propri-  
18 etorship or as an independent con-  
19 tractor, or is an eligible self-employed  
20 individual;

21 “(II) reports farm income or ex-  
22 penses on a Schedule F (or any equiv-  
23 alent successor schedule); and

24 “(III) was in business during the  
25 period beginning on February 15,  
26 2019 and ending on June 30, 2019.



1                   “(ii) NO EMPLOYEES.—With respect  
2 to covered recipient without employees, the  
3 maximum covered loan amount shall be the  
4 lesser of—

5                   “(I) the sum of—

6                   “(aa) the product obtained  
7 by multiplying—

8                   “(AA) the gross income  
9 of the covered recipient in  
10 2019, as reported on a  
11 Schedule F (or any equiva-  
12 lent successor schedule),  
13 that is not more than  
14 \$100,000, divided by 12;  
15 and

16                   “(BB) 2.5; and

17                   “(bb) the outstanding  
18 amount of a loan under sub-  
19 section (b)(2) that was made  
20 during the period beginning on  
21 January 31, 2020 and ending on  
22 April 3, 2020 that the borrower  
23 intends to refinance under the  
24 covered loan, not including any  
25 amount of any advance under the

1 loan that is not required to be re-  
2 paid; or

3 “(II) \$2,000,000.

4 “(iii) WITH EMPLOYEES.—With re-  
5 spect to a covered recipient with employ-  
6 ees, the maximum covered loan amount  
7 shall be calculated using the formula de-  
8 scribed in subparagraph (E), except that  
9 the gross income of the covered recipient  
10 described in clause (ii)(I)(aa)(AA) of this  
11 subparagraph, as divided by 12, shall be  
12 added to the sum calculated under sub-  
13 paragraph (E)(i)(I).

14 “(iv) RECALCULATION.—A lender that  
15 made a covered loan to a covered recipient  
16 before the date of enactment of this sub-  
17 paragraph may, at the request of the cov-  
18 ered recipient—

19 “(I) recalculate the maximum  
20 loan amount applicable to that cov-  
21 ered loan based on the formula de-  
22 scribed in clause (ii) or (iii), as appli-  
23 cable, if doing so would result in a  
24 larger covered loan amount; and

1                                   “(II) provide the covered recipi-  
2                                   ent with additional covered loan  
3                                   amounts based on that recalcula-  
4                                   tion.”.

5 **SEC. 110. FARM CREDIT SYSTEM INSTITUTIONS.**

6           (a) DEFINITION OF FARM CREDIT SYSTEM INSTITU-  
7 TION.—In this section, the term “Farm Credit System in-  
8 stitution”—

9                   (1) means an institution of the Farm Credit  
10 System chartered under the Farm Credit Act of  
11 1971 (12 U.S.C. 2001 et seq.); and

12                   (2) does not include the Federal Agricultural  
13 Mortgage Corporation.

14           (b) FACILITATION OF PARTICIPATION IN PPP AND  
15 SECOND DRAW LOANS.—

16                   (1) APPLICABLE RULES.—Solely with respect to  
17 loans under paragraphs (36) and (37) of section  
18 7(a) of the Small Business Act (15 U.S.C. 636(a)),  
19 Farm Credit Administration regulations and guid-  
20 ance issued as of July 14, 2020, and compliance  
21 with such regulations and guidance, shall be deemed  
22 functionally equivalent to requirements referenced in  
23 section 3(a)(iii)(II) of the interim final rule of the  
24 Administration entitled “Business Loan Program  
25 Temporary Changes; Paycheck Protection Program”

1 (85 Fed. Reg. 20811 (April 15, 2020)) or any simi-  
2 lar requirement referenced in that interim final rule  
3 in implementing such paragraph (37).

4 (2) APPLICABILITY OF CERTAIN LOAN RE-  
5 QUIREMENTS.—For purposes of making loans under  
6 paragraph (36) or (37) of section 7(a) of the Small  
7 Business Act (15 U.S.C. 636(a)) or forgiving those  
8 loans in accordance with section 1106 of the CARES  
9 Act (15 U.S.C. 9005) and subparagraph (H) of such  
10 paragraph (37), sections 4.13, 4.14, and 4.14A of  
11 the Farm Credit Act of 1971 (12 U.S.C. 2199,  
12 2202, 2202a) (including regulations issued under  
13 those sections) shall not apply.

14 (3) RISK WEIGHT.—

15 (A) IN GENERAL.—With respect to the ap-  
16 plication of Farm Credit Administration capital  
17 requirements, a loan described in subparagraph  
18 (B)—

19 (i) shall receive a risk weight of zero  
20 percent; and

21 (ii) shall not be included in the cal-  
22 culation of any applicable leverage ratio or  
23 other applicable capital ratio or calculation.

24 (B) LOANS DESCRIBED.—A loan referred  
25 to in subparagraph (A) is—

1                   (i) a loan made by a Farm Credit  
2 Bank described in section 1.2(a) of the  
3 Farm Credit Act of 1971 (12 U.S.C.  
4 2002(a)) to a Federal Land Bank Associa-  
5 tion, a Production Credit Association, or  
6 an agricultural credit association described  
7 in that section to make loans under para-  
8 graph (36) or (37) of section 7(a) of the  
9 Small Business Act (15 U.S.C. 636(a)) or  
10 forgive those loans in accordance with sec-  
11 tion 1106 of the CARES Act (15 U.S.C.  
12 9005) and subparagraph (H) of such para-  
13 graph (37); or

14                   (ii) a loan made by a Federal Land  
15 Bank Association, a Production Credit As-  
16 sociation, an agricultural credit associa-  
17 tion, or the bank for cooperatives described  
18 in section 1.2(a) of the Farm Credit Act of  
19 1971 (12 U.S.C. 2002(a)) under para-  
20 graph (36) or (37) of section 7(a) of the  
21 Small Business Act (15 U.S.C. 636(a)).

22                   (4) RESERVATION OF LOAN GUARANTEES.—  
23 Section 7(a)(36)(S) of the Small Business Act (15  
24 U.S.C. 636(a)(36)(S)) is amended—

25                   (A) in clause (i)—

1 (i) in subclause (I), by striking “and”  
2 at the end;

3 (ii) in subclause (II), by striking the  
4 period at the end and inserting “; and”;  
5 and

6 (iii) by adding at the end the fol-  
7 lowing:

8 “(III) institutions of the Farm  
9 Credit System chartered under the  
10 Farm Credit Act of 1971 (12 U.S.C.  
11 2001 et seq.) with consolidated assets  
12 of not less than \$10,000,000,000 and  
13 less than \$50,000,000,000.”; and

14 (B) in clause (ii)—

15 (i) in subclause (II), by striking  
16 “and” at the end;

17 (ii) in subclause (III), by striking the  
18 period at the end and inserting “; and”;  
19 and

20 (iii) by adding at the end the fol-  
21 lowing:

22 “(IV) institutions of the Farm  
23 Credit System chartered under the  
24 Farm Credit Act of 1971 (12 U.S.C.

1                   2001 et seq.) with consolidated assets  
2                   of less than \$10,000,000,000.”.

3 **SEC. 111. DEFINITION OF SEASONAL EMPLOYER.**

4           (a) PPP LOANS.—Section 7(a)(36)(A) of the Small  
5 Business Act (15 U.S.C. 636(a)(36)(A)) is amended—

6                   (1) in clause (xi), by striking “and” at the end;

7                   (2) in clause (xii), by striking the period at the  
8 end and inserting “; and”; and

9                   (3) by adding at the end the following:

10                           “(xiii) the term ‘seasonal employer’

11                           means an eligible recipient that—

12                                   “(I) does not operate for more  
13 than 7 months in any calendar year;

14                                   or

15                                   “(II) during the preceding cal-  
16 endar year, had gross receipts for any

17                                   6 months of that year that were not

18                                   more than 33.33 percent of the gross

19                                   receipts of the employer for the other

20                                   6 months of that year.”.

21           (b) LOAN FORGIVENESS.—Paragraph (12) of section  
22 1106(a) of the CARES Act (15 U.S.C. 9005(a)), as so

23 redesignated by by section 101(b) of this Act, is amended

24 to read as follows:

1           “(12) the terms ‘payroll costs’ and ‘seasonal  
2           employer’ have the meanings given those terms in  
3           section 7(a)(36) of the Small Business Act (15  
4           U.S.C. 636(a)(36)).”.

5 **SEC. 112. CHANGES TO THE 7(A) LOAN GUARANTY PRO-**  
6 **GRAM FOR RECOVERY SECTOR BUSINESS**  
7 **CONCERNS.**

8           Section 7(a) of the Small Business Act (15 U.S.C.  
9           636(a)), as amended by section 106 of this Act, is amend-  
10          ed by adding at the end the following:

11           “(38) RECOVERY SECTOR LOANS.—

12           “(A) DEFINITIONS.—In this paragraph—

13           “(i) the term ‘covered loan’ means a  
14           loan made under this paragraph;

15           “(ii) the term ‘covered population cen-  
16           sus tract’ means a population census tract  
17           for which—

18           “(I) in the case of a tract that is  
19           not located within a metropolitan  
20           area, the median income does not ex-  
21           ceed 80 percent of the statewide (or,  
22           with respect to a possession or terri-  
23           tory of the United States, the  
24           possession- or territory-wide) median  
25           family income; or





1 “(I) means any small business  
2 concern that—

3 “(aa) except with respect to  
4 a covered seasonal employer, em-  
5 ploys not more than 500 employ-  
6 ees;

7 “(bb)(AA) except as pro-  
8 vided in subitems (BB), (CC),  
9 and (DD), had gross receipts  
10 during the first or second quarter  
11 in 2020 that are less than 50  
12 percent of the gross receipts of  
13 the business concern during the  
14 same quarter in 2019;

15 “(BB) if the small business  
16 concern was not in business dur-  
17 ing the first or second quarter of  
18 2019, but was in business during  
19 the third and fourth quarter of  
20 2019, had gross receipts during  
21 the first or second quarter of  
22 2020 that are less than 50 per-  
23 cent of the amount of the gross  
24 receipts of the small business

1 concern during the third or  
2 fourth quarter of 2019;

3 “(CC) if the small business  
4 concern was not in business dur-  
5 ing the first, second, or third  
6 quarter of 2019, but was in busi-  
7 ness during the fourth quarter of  
8 2019, had gross receipts during  
9 the first or second quarter of  
10 2020 that are less than 50 per-  
11 cent of the amount of the gross  
12 receipts of the small business  
13 concern during the fourth quar-  
14 ter of 2019; or

15 “(DD) if the small business  
16 concern was not in business dur-  
17 ing the first or second quarter of  
18 2020, had gross receipts during  
19 any 2-month period during 2020  
20 that are less than 50 percent of  
21 the amount of the gross receipts  
22 of the small business concern  
23 during any other 2-month period  
24 during 2020; and

1                   “(cc)(AA) is a covered sea-  
2                   sonal employer seeking a covered  
3                   loan of not more than  
4                   \$1,000,000; or

5                   “(BB) is a small business  
6                   concern the principal place of  
7                   business of which is in, and not  
8                   less than 50 percent of the total  
9                   gross income of which is derived  
10                  from the active conduct of the  
11                  business concern within, a small  
12                  business low-income census tract;  
13                  and

14                  “(II) does not include—

15                         “(aa) an entity described in  
16                         paragraph (37)(A)(vi)(II);

17                         “(bb) any entity that re-  
18                         ceived a loan under paragraph  
19                         (37); or

20                         “(cc) any entity that re-  
21                         ceived a loan under paragraph  
22                         (36) after the date of enactment  
23                         of this paragraph; and

24                                 “(v) the term ‘small business low-in-  
25                                 come census tract’—

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“(I) means—  
    “(aa) a covered population  
census tract for which the pov-  
erty rate is not less than 20 per-  
cent; or  
    “(bb) an area—  
        “(AA) that is not  
traced as a population cen-  
sus tract;  
        “(BB) for which the  
poverty rate in the equiva-  
lent county division (as de-  
fined by the Bureau of the  
Census) is not less than 20  
percent; and  
        “(CC) for which the  
median income in the equiv-  
alent county division (as de-  
fined by the Bureau of the  
Census) does not exceed 80  
percent of the statewide (or,  
with respect to a possession  
or territory of the United  
States, the possession- or

1                   territory-wide) median in-  
2                   come; and

3                   “(II) does not include any area  
4                   or population census tract with a me-  
5                   dian family income that is not less  
6                   than 120 percent of the median family  
7                   income in the United States, accord-  
8                   ing to the most recent American Com-  
9                   munities Survey data from the Bu-  
10                  reau of the Census.

11                  “(B) LOANS.—Except as otherwise pro-  
12                  vided in this paragraph, the Administrator may  
13                  guarantee covered loans made to eligible enti-  
14                  ties—

15                   “(i) under the same terms, conditions,  
16                   and processes as a loan made under this  
17                   subsection; and

18                   “(ii) to meet working capital needs,  
19                   acquire fixed assets, or refinance existing  
20                   indebtedness while recovering from the  
21                   COVID–19 pandemic.

22                  “(C) MAXIMUM LOAN AMOUNT.—The max-  
23                  imum amount of a covered loan made to an eli-  
24                  gible entity shall be the lesser of—

25                   “(i) \$10,000,000; or



1 “(H) LOAN TERMS.—

2 “(i) IN GENERAL.—In order to receive  
3 a covered loan, an eligible entity shall not  
4 be required to show that the eligible entity  
5 is unable to obtain credit elsewhere.

6 “(ii) MATURITY AND INTEREST  
7 RATE.—A covered loan shall—

8 “(I) have a maturity of 20 years;  
9 and

10 “(II) bear an interest rate of  
11 equal to the sum of—

12 “(aa) the Secured Overnight  
13 Financing Rate in effect for each  
14 of the days in the relevant quar-  
15 ter that interest is charged, as  
16 compiled and released by the  
17 Federal Reserve Bank of New  
18 York; and

19 “(bb) 300 basis points.

20 “(iii) GUARANTEE.—In an agreement  
21 to participate in a covered loan on a de-  
22 ferred basis, the participation by the Ad-  
23 ministration shall be 100 percent of the  
24 covered loan.



1                   “(iv) SUBSIDY FOR INTEREST PAY-  
2                   MENTS.—

3                   “(I) IN GENERAL.—The Admin-  
4                   istrator shall pay the amount of inter-  
5                   est that is owed on a covered loan in  
6                   regular servicing status for the matu-  
7                   rity of the loan such that the interest  
8                   rate paid by the eligible entity is, at  
9                   all times, equal to a rate of 1 percent.

10                  “(II) TIMING OF PAYMENT.—The  
11                  Administrator shall—

12                  “(aa) begin making pay-  
13                  ments under subclause (I) not  
14                  later than 30 days after the date  
15                  on which the first such payment  
16                  is due; and

17                  “(bb) make payments with-  
18                  out regard to the payment defer-  
19                  ral described in clause (iv).

20                  “(III) APPLICATION OF PAY-  
21                  MENT.—Any payment made by the  
22                  Administrator under subclause (I)  
23                  shall be applied to the covered loan  
24                  such that the eligible entity is relieved  
25                  of the obligation to pay that amount.

1 “(v) PAYMENT DEFERRAL.—

2 “(I) IN GENERAL.—No payment  
3 of principal or interest shall be due on  
4 a covered loan for the first 2 years of  
5 the covered loan.

6 “(II) ADDITIONAL DEFERRAL.—

7 After the 2-year deferral period under  
8 subclause (I), the Administrator may  
9 grant not more than an additional 2  
10 years of principal deferral to the eligi-  
11 ble entity if the eligible entity is cer-  
12 tified by the Administrator and the  
13 Secretary as economically distressed  
14 based on publicly available criteria es-  
15 tablished by the Administrator.

16 “(vi) LIMITATION ON CHANGES IN  
17 TERMS.—Notwithstanding any other provi-  
18 sion of this subsection, for a covered loan,  
19 the Administrator shall not approve any  
20 increase in loan amount or change in guar-  
21 anty percentage, interest rate, interest ac-  
22 crual method, or maturity, except for such  
23 changes as may be necessary for prepay-  
24 ment and the deferment of payment under  
25 clause (v).

1           “(I) PROHIBITION ON USE OF PROCEEDS  
2 FOR DISASTER LOANS.—An eligible entity shall  
3 not use the proceeds of a covered loan to refi-  
4 nance any loan made under subsection (b).

5           “(J) SECONDARY MARKET.—In order to  
6 increase the liquidity of the secondary market  
7 for covered loans, the Administrator shall, not  
8 later than 60 days after the date of enactment  
9 of this paragraph, substantially reduce barriers  
10 to the sale of covered loans on the secondary  
11 market.

12           “(K) LENDER ELIGIBILITY.—In order to  
13 increase access to and the equitable distribution  
14 of covered loans, the Administrator shall estab-  
15 lish a process by which a lender approved to  
16 make loans under paragraph (36) may make  
17 covered loans.

18           “(L) REIMBURSEMENT FOR LOAN PROC-  
19 ESSING AND SERVICING.—The Administrator  
20 shall reimburse a lender authorized to make a  
21 covered loan in an amount that is—

22                   “(i) 3 percent of the principal amount  
23                   of the financing of the covered loan up to  
24                   \$350,000; and

1                   “(ii) 1 percent of the principal  
2                   amount of the financing of the covered  
3                   loan above \$350,000, if applicable.

4                   “(M) STANDARD OPERATING PROCE-  
5                   DURE.—The Administrator shall, to the max-  
6                   imum extent practicable, allow a lender ap-  
7                   proved to make covered loans to use existing  
8                   program guidance and standard operating pro-  
9                   cedures for loans made under this subsection.”.

10 **SEC. 113. ELIGIBILITY OF 501(C)(6) ORGANIZATIONS FOR**  
11 **LOANS UNDER THE PAYCHECK PROTECTION**  
12 **PROGRAM.**

13                   Section 7(a)(36)(D) of the Small Business Act (15  
14 U.S.C. 636(a)(36)(D)) is amended—

15                   (1) in clause (v), by inserting “or whether an  
16                   entity described in clause (vii) employs not more  
17                   than 300 employees,” after “clause (i)(I),”; and

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

19                   “(vii) ELIGIBILITY FOR CERTAIN  
20                   501(C)(6) ORGANIZATIONS.—

21                   “(I) IN GENERAL.—Except as  
22                   provided in subclause (II), any organi-  
23                   zation that is described in section  
24                   501(c)(6) of the Internal Revenue  
25                   Code and that is exempt from tax-

1           ation under section 501(a) of such  
2           Code (excluding professional football  
3           leagues and organizations with the  
4           purpose of promoting or participating  
5           in a political campaign or other activ-  
6           ity) shall be eligible to receive a cov-  
7           ered loan if—

8                   “(aa) the organization does  
9                   not receive more than 10 percent  
10                  of its receipts from lobbying ac-  
11                  tivities;

12                  “(bb) the lobbying activities  
13                  of the organization do not com-  
14                  prise more than 10 percent of the  
15                  total activities of the organiza-  
16                  tion; and

17                  “(cc) the organization em-  
18                  ploys not more than 300 employ-  
19                  ees.

20                  “(II) DESTINATION MARKETING  
21                  ORGANIZATIONS.—Notwithstanding  
22                  subclause (I), during the covered pe-  
23                  riod, any destination marketing orga-  
24                  nization shall be eligible to receive a  
25                  covered loan if—

1           “(aa) the destination mar-  
2           keting organization does not re-  
3           ceive more than 10 percent of its  
4           receipts from lobbying activities;

5           “(bb) the lobbying activities  
6           of the destination marketing or-  
7           ganization do not comprise more  
8           than 10 percent of the total ac-  
9           tivities of the organization;

10           “(cc) the destination mar-  
11           keting organization employs not  
12           more than 300 employees; and

13           “(dd) the destination mar-  
14           keting organization—

15           “(AA) is described in  
16           section 501(c) of the Inter-  
17           nal Revenue Code and is ex-  
18           empt from taxation under  
19           section 501(a) of such Code;  
20           or

21           “(BB) is a quasi-gov-  
22           ernmental entity or is a po-  
23           litical subdivision of a State  
24           or local government, includ-

1 ing any instrumentality of  
2 those entities.”.

3 **SEC. 114. PROHIBITION ON USE OF LOAN PROCEEDS FOR**  
4 **LOBBYING ACTIVITIES.**

5 Section 7(a)(36)(F) of the Small Business Act (15  
6 U.S.C. 636(a)(36)(F)) is amended by adding at the end  
7 the following:

8 “(vi) PROHIBITION.—None of the pro-  
9 ceeds of a covered loan may be used for  
10 lobbying activities, as defined in section 3  
11 of the Lobbying Disclosure Act of 1995 (2  
12 U.S.C. 1602).”.

13 **SEC. 115. EFFECTIVE DATE; APPLICABILITY.**

14 The amendments made to paragraph (36) of section  
15 7(a) of the Small Business Act (15 U.S.C. 636(a)) and  
16 title I of the CARES Act (Public Law 116–136) under  
17 this title shall be effective as if included in the CARES  
18 Act and shall apply to any loan made pursuant to section  
19 7(a)(36) of the Small Business Act (15 U.S.C.  
20 636(a)(36)).

21 **SEC. 116. BANKRUPTCY PROVISIONS.**

22 (a) IN GENERAL.—Section 364 of title 11, United  
23 States Code, is amended by adding at the end the fol-  
24 lowing:

1           “(g)(1) The court, after notice and a hearing, may  
2 authorize a debtor in possession or a trustee that is au-  
3 thorized to operate the business of the debtor under sec-  
4 tion 1183, 1184, 1203, 1204, or 1304 of this title to ob-  
5 tain a loan under section 7(a)(36) of the Small Business  
6 Act (15 U.S.C. 636(a)(36)), and such loan shall be treated  
7 as a debt to the extent the loan is not forgiven under sec-  
8 tion 1106 of the CARES Act (15 U.S.C. 9005) with pri-  
9 ority equal to a claim of the kind specified in subsection  
10 (c)(1) of this section.

11           “(2) The trustee may incur debt described in para-  
12 graph (1) notwithstanding any provision in a contract,  
13 prior order authorizing the trustee to incur debt under this  
14 section, prior order authorizing the trustee to use cash col-  
15 lateral under section 363, or applicable law that prohibits  
16 the debtor from incurring additional debt.

17           “(3) The court shall hold a hearing within 7 days  
18 after the filing and service of the motion to obtain a loan  
19 described in paragraph (1).”.

20           (b) ALLOWANCE OF ADMINISTRATIVE EXPENSES.—  
21 Section 503(b) of title 11, United States Code, is amend-  
22 ed—

23                   (1) in paragraph (8)(B), by striking “and” at  
24           the end;



1           (2) in paragraph (9), by striking the period at  
2           the end and inserting “; and”; and

3           (3) by adding at the end the following:

4           “(10) any debt incurred under section  
5           364(g)(1) of this title.”.

6           (c) CONFIRMATION OF PLAN FOR REORGANIZA-  
7           TION.—Section 1191 of title 11, United States Code, is  
8           amended by adding at the end the following:

9           “(f) SPECIAL PROVISION RELATED TO COVID–19  
10           PANDEMIC.—Notwithstanding section 1129(a)(9)(A) of  
11           this title and subsection (e) of this section, a plan that  
12           provides for payment of a claim of a kind specified in sec-  
13           tion 503(b)(10) of this title may be confirmed under sub-  
14           section (b) of this section if the plan proposes to make  
15           payments on account of such claim when due under the  
16           terms of the loan giving rise to such claim.”.

17           (d) CONFIRMATION OF PLAN FOR FAMILY FARMERS  
18           AND FISHERMEN.—Section 1225 of title 11, United  
19           States Code, is amended by adding at the end the fol-  
20           lowing:

21           “(d) Notwithstanding section 1222(a)(2) of this title  
22           and subsection (b)(1) of this section, a plan that provides  
23           for payment of a claim of a kind specified in section  
24           503(b)(10) of this title may be confirmed if the plan pro-  
25           poses to make payments on account of such claim when

1 due under the terms of the loan giving rise to such  
2 claim.”.

3 (e) CONFIRMATION OF PLAN FOR INDIVIDUALS.—

4 Section 1325 of title 11, United States Code, is amended  
5 by adding at the end the following:

6 “(d) Notwithstanding section 1322(a)(2) of this title  
7 and subsection (b)(1) of this section, a plan that provides  
8 for payment of a claim of a kind specified in section  
9 503(b)(10) of this title may be confirmed if the plan pro-  
10 poses to make payments on account of such claim when  
11 due under the terms of the loan giving rise to such  
12 claim.”.

13 (f) EFFECTIVE DATE; SUNSET.—

14 (1) EFFECTIVE DATE.—The amendments made  
15 by subsections (a) through (e) shall—

16 (A) take effect on the date on which the  
17 Administrator of the Small Business Adminis-  
18 tration submits to the Director of the Executive  
19 Office for United States Trustees a written de-  
20 termination that, subject to satisfying any other  
21 eligibility requirements, any debtor in posses-  
22 sion or trustee that is authorized to operate the  
23 business of the debtor under section 1183,  
24 1184, 1203, 1204, or 1304 of title 11, United  
25 States Code, would be eligible for a loan under

1 section 7(a)(36) of the Small Business Act (15  
2 U.S.C. 636(a)(36)); and

3 (B) apply to any case pending on or com-  
4 menced on or after the date described in sub-  
5 paragraph (A).

6 (2) SUNSET.—

7 (A) IN GENERAL.—If the amendments  
8 made by this section take effect under para-  
9 graph (1), effective on the date that is 2 years  
10 after the date of enactment of this Act—

11 (i) section 364 of title 11, United  
12 States Code, is amended by striking sub-  
13 section (g);

14 (ii) section 503(b) of title 11, United  
15 States Code, is amended—

16 (I) in paragraph (8)(B), by add-  
17 ing “and” at the end;

18 (II) in paragraph (9), by striking  
19 “; and” at the end and inserting a pe-  
20 riod; and

21 (III) by striking paragraph (10);

22 (iii) section 1191 of title 11, United  
23 States Code, is amended by striking sub-  
24 section (f);

1 (iv) section 1225 of title 11, United  
2 States Code, is amended by striking sub-  
3 section (d); and

4 (v) section 1325 of title 11, United  
5 States Code, is amended by striking sub-  
6 section (d).

7 (B) APPLICABILITY.—Notwithstanding the  
8 amendments made by subparagraph (A) of this  
9 paragraph, if the amendments made by sub-  
10 sections (a), (b), (c), (d), and (e) take effect  
11 under paragraph (1) of this subsection, such  
12 amendments shall apply to any case under title  
13 11, United States Code, commenced before the  
14 date that is 2 years after the date of enactment  
15 of this Act.

16 **SEC. 117. CONFLICTS OF INTEREST.**

17 (a) DEFINITIONS.—In this section:

18 (1) CONTROLLING INTEREST.—The term “con-  
19 trolling interest” means owning, controlling, or hold-  
20 ing not less than 20 percent, by vote or value, of the  
21 outstanding amount of any class of equity interest in  
22 an entity.

23 (2) COVERED ENTITY.—

24 (A) DEFINITION.—The term “covered enti-  
25 ty” means an entity in which a covered indi-

1           vidual directly or indirectly holds a controlling  
2           interest.

3                   (B) TREATMENT OF SECURITIES.—For the  
4           purpose of determining whether an entity is a  
5           covered entity, the securities owned, controlled,  
6           or held by 2 or more individuals who are related  
7           as described in paragraph (3)(B) shall be ag-  
8           gregated.

9                   (3) COVERED INDIVIDUAL.—The term “covered  
10          individual” means—

11                   (A) the President, the Vice President, the  
12           head of an Executive department, or a Member  
13           of Congress; and

14                   (B) the spouse, child, son-in-law, or daugh-  
15           ter-in-law, as determined under applicable com-  
16           mon law, of an individual described in subpara-  
17           graph (A).

18                   (4) EXECUTIVE DEPARTMENT.—The term “Ex-  
19          ecutive department” has the meaning given the term  
20          in section 101 of title 5, United States Code.

21                   (5) MEMBER OF CONGRESS.—The term “Mem-  
22          ber of Congress” means a Member of the Senate or  
23          House of Representatives, a Delegate to the House  
24          of Representatives, and the Resident Commissioner  
25          from Puerto Rico.

1           (6) EQUITY INTEREST.—The term “equity in-  
2           terest” means—

3                   (A) a share in an entity, without regard to  
4           whether the share is—

5                           (i) transferable; or

6                           (ii) classified as stock or anything  
7           similar;

8                   (B) a capital or profit interest in a limited  
9           liability company or partnership; or

10                   (C) a warrant or right, other than a right  
11           to convert, to purchase, sell, or subscribe to a  
12           share or interest described in subparagraph (A)  
13           or (B), respectively.

14           (b) REQUIREMENT.—The principal executive officer  
15           and the principal financial officer, or individuals per-  
16           forming similar functions, of an entity seeking to enter  
17           a transaction made under paragraph (36), (37), or (38)  
18           of section 7(a) of the Small Business Act (15 U.S.C.  
19           636(a)), as added and amended by this title, shall, before  
20           that transaction is approved, disclose to the Administrator  
21           whether the entity is a covered entity.

22           (c) APPLICABILITY.—The requirement under sub-  
23           section (b)—

24                   (1) shall apply with respect to any transaction  
25           made under paragraph (36), (37), or (38) of section

1       7(a) of the Small Business Act (15 U.S.C. 636(a)),  
2       as added and amended by this title, on or after the  
3       date of enactment of this Act; and

4               (2) shall not apply with respect to—

5                       (A) any transaction described in paragraph  
6               (1) that was made before the date of enactment  
7               of this Act; or

8                       (B) forgiveness under section 1106 of the  
9               CARES Act (15 U.S.C. 9005) or any other pro-  
10              vision of law of any loan associated with any  
11              transaction described in paragraph (1) that was  
12              made before the date of enactment of this Act.

13                   **TITLE II—SMALL BUSINESS**  
14                   **PROGRAMS GENERALLY**

15       **SEC. 121. SMALL BUSINESS INVESTMENT COMPANY PRO-**  
16                   **GRAM.**

17       (a) IN GENERAL.—Part A of title III of the Small  
18       Business Investment Act of 1958 (15 U.S.C. 681 et seq.)  
19       is amended—

20               (1) in section 302(a) (15 U.S.C. 682(a))—

21                       (A) in paragraph (1)—

22                               (i) in subparagraph (A), by striking  
23                               “or” at the end;

1 (ii) in subparagraph (B), by striking  
2 the period at the end and inserting “; or”;  
3 and

4 (iii) by adding at the end the fol-  
5 lowing:

6 “(C) \$20,000,000, adjusted every 5 years  
7 for inflation, with respect to each licensee au-  
8 thorized or seeking authority to sell bonds to  
9 Administration as a participating investment  
10 company under section 321.”; and

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

12 **“SEC. 321. SMALL BUSINESS AND DOMESTIC PRODUCTION**  
13 **RECOVERY INVESTMENT FACILITY.**

14 “(a) DEFINITIONS.—In this section:

15 “(1) ELIGIBLE SMALL BUSINESS CONCERN.—

16 The term ‘eligible small business concern’—

17 “(A) means a small business concern  
18 that—

19 “(i) meets the revenue reduction re-  
20 quirements established by paragraph  
21 (37)(A)(vi)(I)(cc) of section 7(a) of the  
22 Small Business Act (15 U.S.C. 636(a));

23 “(ii) is a manufacturing business that  
24 is assigned a North American Industry  
25 Classification System code beginning with



1                   31, 32, or 33 at the time at which the  
2                   small business concern receives an invest-  
3                   ment from a participating investment com-  
4                   pany under the facility; or

5                   “(iii) is located in a small business  
6                   low-income census tract; and

7                   “(B) does not include an entity described  
8                   in paragraph (37)(A)(vi)(II) of such section  
9                   7(a).

10                  “(2) FACILITY.—The term ‘facility’ means the  
11                  facility established under subsection (b).

12                  “(3) FUND.—The term ‘Fund’ means the fund  
13                  established under subsection (h).

14                  “(4) PARTICIPATING INVESTMENT COMPANY.—  
15                  The term ‘participating investment company’ means  
16                  a small business investment company approved  
17                  under subsection (d) to participate in the facility

18                  “(5) PROTÉGÉ INVESTMENT COMPANY.—The  
19                  term ‘protégé investment company’ means a small  
20                  business investment company that—

21                  “(A) is majority managed by new, inexperi-  
22                  enced, or otherwise underrepresented fund man-  
23                  agers; and

1                   “(B) elects and is selected by the Adminis-  
2                   tration to participate in the pathway-protégé  
3                   program under subsection (g).

4                   “(6) SMALL BUSINESS CONCERN.—The term  
5                   ‘small business concern’ has the meaning given the  
6                   term in section 3(a) of the Small Business Act (15  
7                   U.S.C. 632(a)).

8                   “(7) SMALL BUSINESS LOW-INCOME CENSUS  
9                   TRACT.—The term ‘small business low-income cen-  
10                  sus tract’ has the meaning given the term in section  
11                  7(a)(38)(A) of the Small Business Act.

12                  “(b) ESTABLISHMENT.—

13                  “(1) FACILITY.—The Administrator shall estab-  
14                  lish and carry out a facility to improve the recovery  
15                  of eligible small business concerns from the COVID-  
16                  19 pandemic, increase resiliency in the manufac-  
17                  turing supply chain of eligible small business con-  
18                  cerns, and increase the economic development of  
19                  small business low-income census tracts by providing  
20                  financial assistance to participating investment com-  
21                  panies that facilitate equity financings to eligible  
22                  small business concerns in accordance with this sec-  
23                  tion.

24                  “(2) ADMINISTRATION OF FACILITY.—The fa-  
25                  cility shall be administered by the Administrator act-

1       ing through the Associate Administrator described in  
2       section 201.

3       “(c) APPLICATIONS.—

4             “(1) IN GENERAL.—Any small business invest-  
5       ment company may submit to the Administrator an  
6       application to participate in the facility.

7             “(2) REQUIREMENTS FOR APPLICATION.—An  
8       application to participate in the facility shall include  
9       the following:

10            “(A) A business plan describing how the  
11       applicant intends to make successful equity in-  
12       vestments in eligible small business concerns.

13            “(B) Information regarding the relevant  
14       investment qualifications and backgrounds of  
15       the individuals responsible for the management  
16       of the applicant.

17            “(C) A description of the extent to which  
18       the applicant meets the selection criteria under  
19       subsection (d)(2).

20            “(3) EXCEPTIONS TO APPLICATION FOR NEW  
21       LICENSEES.—Not later than 90 days after the date  
22       of enactment of this section, the Administrator shall  
23       reduce requirements for applicants applying to oper-  
24       ate as a participating investment company under  
25       this section in order to encourage the participation

1 of new small business investment companies in the  
2 facility under this section, which may include the re-  
3 quirements established under part 107 of title 13,  
4 Code of Federal Regulations, or any successor regu-  
5 lation, relating to—

6 “(A) the approval of initial management  
7 expenses;

8 “(B) the management ownership diversity  
9 requirement;

10 “(C) the disclosure of general compen-  
11 satory practices and fee structures; or

12 “(D) any other requirement that the Ad-  
13 ministrator determines to be an obstacle to  
14 achieving the purposes described in this para-  
15 graph.

16 “(d) SELECTION OF PARTICIPATING INVESTMENT  
17 COMPANIES.—

18 “(1) DETERMINATION.—

19 “(A) IN GENERAL.—Except as provided in  
20 paragraph (3), not later than 60 days after the  
21 date on which the Administrator receives an ap-  
22 plication under subsection (c), the Adminis-  
23 trator shall—

1                   “(i) make a final determination to ap-  
2                   prove or disapprove such applicant to par-  
3                   ticipate in the facility; and

4                   “(ii) transmit the determination to the  
5                   applicant in writing.

6                   “(B) COMMITMENT AMOUNT.—Except as  
7                   provided in paragraph (3), at the time of ap-  
8                   proval of an applicant, the Administrator shall  
9                   make a determination of the amount of the  
10                  commitment that may be awarded to the appli-  
11                  cant under this section.

12                  “(2) SELECTION CRITERIA.—In making a de-  
13                  termination under paragraph (1), the Administrator  
14                  shall consider—

15                         “(A) the probability that the investment  
16                         strategy of the applicant will successfully repay  
17                         any financial assistance provided by the Admin-  
18                         istration, including the probability of a return  
19                         significantly in excess thereof;

20                         “(B) the probability that the investments  
21                         made by the applicant will—

22                                 “(i) provide capital to eligible small  
23                                 business concerns; or

24                                 “(ii) create or preserve jobs in the  
25                                 United States;

1           “(C) the probability that the applicant will  
2 meet the objectives in the business plan of the  
3 applicant, including the financial goals, and, if  
4 applicable, the pathway-protégé program in ac-  
5 cordance with subsection (g); and

6           “(D) the probability that the applicant will  
7 assist eligible small business concerns in achiev-  
8 ing profitability.

9           “(3) APPROVAL OF PARTICIPATING INVEST-  
10       MENT COMPANIES.—

11           “(A) PROVISIONAL APPROVAL.—

12           “(i) IN GENERAL.—Notwithstanding  
13 paragraph (1), with respect to an applica-  
14 tion submitted by an applicant to operate  
15 as a participating investment company  
16 under this section, the Administrator may  
17 provide provisional approval for the appli-  
18 cant in lieu of a final determination of ap-  
19 proval and determination of the amount of  
20 the commitment under that paragraph.

21           “(ii) PURPOSE.—The purpose of a  
22 provisional approval under clause (i) is  
23 to—

24           “(I) encourage applications from  
25 investment companies with an invest-

1                   ment mandate from the committed  
2                   private market capital of the invest-  
3                   ment company that does not conform  
4                   to the requirements described in this  
5                   section at the time of application;

6                   “(II) allow the applicant to more  
7                   effectively raise capital commitments  
8                   in the private markets by referencing  
9                   the intent of the Administrator to  
10                  award the applicant a commitment;  
11                  and

12                  “(III) allow the applicant to more  
13                  precisely request the desired amount  
14                  of commitment pending the securing  
15                  of capital from private market inves-  
16                  tors.

17                  “(iii) LIMIT ON PERIOD OF THE  
18                  TIME.—The period between a provisional  
19                  approval under clause (i) and the final de-  
20                  termination of approval under paragraph  
21                  (1) shall not exceed 12 months.

22                  “(e) COMMITMENTS AND SBIC BONDS.—

23                  “(1) IN GENERAL.—The Administrator may,  
24                  out of amounts available in the Fund, purchase or  
25                  commit to purchase from a participating investment

1 company 1 or more accruing bonds that include eq-  
2 uity features as described in this subsection.

3 “(2) BOND TERMS.—A bond purchased by the  
4 Administrator from a participating investment com-  
5 pany under this subsection shall have the following  
6 terms and conditions:

7 “(A) TERM AND INTEREST.—

8 “(i) IN GENERAL.—The bond shall be  
9 issued for a term of not less than 15 years  
10 and shall bear interest at a rate deter-  
11 mined by the Administrator of not more  
12 than 2 percent.

13 “(ii) ACCRUAL OF INTEREST.—Inter-  
14 est on the bond shall accrue and shall be  
15 payable in accordance with subparagraph  
16 (D).

17 “(iii) PREPAYMENT.—The bond shall  
18 be prepayable without penalty after the  
19 end of the 1-year period beginning on the  
20 date on which the bond was purchased.

21 “(B) PROFITS.—

22 “(i) IN GENERAL.—The Administra-  
23 tion shall be entitled to receive a share of  
24 the profits net of any profit sharing per-  
25 formance compensation of the participating



1 investment company equal to the quotient  
2 obtained by dividing—

3 “(I) one-third of the commitment  
4 that the participating investment com-  
5 pany is approved for under subsection  
6 (d); by

7 “(II) the commitment approved  
8 under subsection (d) plus the regu-  
9 latory capital of the participating in-  
10 vestment company at the time of ap-  
11 proval under that subsection.

12 “(ii) DETERMINATION OF PERCENT-  
13 AGE.—The share to which the Administra-  
14 tion is entitled under clause (i)—

15 “(I) shall be determined at the  
16 time of approval under subsection (d);  
17 and

18 “(II) without the approval of the  
19 Administration, shall not be revised,  
20 including to reflect subsequent dis-  
21 tributions of profits, returns of cap-  
22 ital, or repayments of bonds, or other-  
23 wise.

24 “(C) PROFIT SHARING PERFORMANCE  
25 COMPENSATION.—

1                   “(i) RECEIPT BY ADMINISTRATION.—

2                   The Administration shall receive a share of  
3                   profits of not more than 2 percent, which  
4                   shall be deposited into the Fund and be  
5                   available to make commitments under this  
6                   subsection.

7                   “(ii) RECEIPT BY MANAGERS.—The

8                   managers of the participating investment  
9                   company may receive a maximum profit  
10                  sharing performance compensation of 25  
11                  percent minus the share of profits paid to  
12                  the Administration under clause (i).

13                  “(D) PROHIBITION ON DISTRIBUTIONS.—

14                  No distributions on capital, including profit dis-  
15                  tributions, shall be made by the participating  
16                  investment company to the investors or man-  
17                  agers of the participating investment company  
18                  until the Administration has received payment  
19                  of all accrued interest on the bond committed  
20                  under this section.

21                  “(E) REPAYMENT OF PRINCIPAL.—Except

22                  as described in subparagraph (F), repayments  
23                  of principal of the bond of a participating in-  
24                  vestment company shall be—

1                   “(i) made at the same time as returns  
2                   of private capital; and

3                   “(ii) in amounts equal to the pro rata  
4                   share of the Administration of the total  
5                   amount being repaid or returned at such  
6                   time.

7                   “(F) LIQUIDATION OR DEFAULT.—Upon  
8                   any liquidation event or default, as defined by  
9                   the Administration, any unpaid principal or ac-  
10                  crued interest on the bond shall—

11                  “(i) have a priority over all equity of  
12                  the participating investment company; and

13                  “(ii) be paid before any return of eq-  
14                  uity or any other distributions to the inves-  
15                  tors or managers of the participating in-  
16                  vestment company.

17                  “(3) AMOUNT OF COMMITMENTS AND PUR-  
18                  CHASES.—

19                  “(A) MAXIMUM AMOUNT.—The maximum  
20                  amount of outstanding bonds and commitments  
21                  to purchase bonds for any participating invest-  
22                  ment company under the facility shall be the  
23                  lesser of—

1                   “(i) twice the amount of the regu-  
2                   latory capital of the participating invest-  
3                   ment company; or

4                   “(ii) \$200,000,000.

5                   “(4) COMMITMENT PROCESS.—Commitments by  
6                   the Administration to purchase bonds under the fa-  
7                   cility shall remain available to be sold by a partici-  
8                   pating investment company until the end of the  
9                   fourth fiscal year following the year in which the  
10                  commitment is made, subject to review and approval  
11                  by the Administration based on regulatory compli-  
12                  ance, financial status, change in management, devi-  
13                  ation from business plan, and such other limitations  
14                  as may be determined by the Administration by reg-  
15                  ulation or otherwise.

16                  “(5) COMMITMENT CONDITIONS.—

17                         “(A) IN GENERAL.—As a condition of re-  
18                         ceiving a commitment under the facility, not  
19                         less than 50 percent of amounts invested by the  
20                         participating investment company shall be in-  
21                         vested in eligible small business concerns.

22                         “(B) EXAMINATIONS.—In addition to the  
23                         matters set forth in section 310(c), the Admin-  
24                         istration shall examine each participating in-  
25                         vestment company in such detail so as to deter-

1           mine whether the participating investment com-  
2           pany has complied with the requirements under  
3           this subsection.

4           “(f) DISTRIBUTIONS AND FEES.—

5           “(1) DISTRIBUTION REQUIREMENTS.—

6           “(A) DISTRIBUTIONS.—As a condition of  
7           receiving a commitment under the facility, a  
8           participating investment company shall make  
9           all distributions to the Administrator in the  
10          same form and in a manner as are made to in-  
11          vestors, or otherwise at a time and in a manner  
12          consistent with regulations or policies of the  
13          Administration.

14          “(B) ALLOCATIONS.—A participating in-  
15          vestment company shall make allocations of in-  
16          come, gain, loss, deduction, and credit to the  
17          Administrator with respect to any outstanding  
18          bonds as if the Administrator were an investor.

19          “(2) FEES.—The Administrator may not  
20          charge fees for participating investment companies  
21          other than examination fees that are consistent with  
22          the license of the participating investment company.

23          “(3) BIFURCATION.—Losses on bonds issued by  
24          participating investment companies shall not be off-

1 set by fees or any other charges on debenture small  
2 business investment companies.

3 “(g) PROTÉGÉ PROGRAM.—The Administrator shall  
4 establish a pathway-protégé program in which a protégé  
5 investment company may receive technical assistance and  
6 program support from a participating investment company  
7 on a voluntary basis and without penalty for non-partici-  
8 pation.

9 “(h) LOSS LIMITING FUND.—

10 “(1) IN GENERAL.—There is established in the  
11 Treasury a fund for making commitments and pur-  
12 chasing bonds with equity features under the facility  
13 and receiving capital returned by participating in-  
14 vestment companies.

15 “(2) USE OF FUNDS.—Amounts appropriated  
16 to the Fund or deposited in the Fund under para-  
17 graph (3) shall be available to the Administrator,  
18 without further appropriation, for making commit-  
19 ments and purchasing bonds under the facility and  
20 expenses and payments, excluding administrative ex-  
21 penses, relating to the operations of the Adminis-  
22 trator under the facility.

23 “(3) DEPOSITING OF AMOUNTS.—

24 “(A) IN GENERAL.—All amounts received  
25 by the Administrator from a participating in-

1 investment company relating to the facility, in-  
2 cluding any moneys, property, or assets derived  
3 by the Administrator from operations in con-  
4 nection with the facility, shall be deposited in  
5 the Fund.

6 “(B) PERIOD OF AVAILABILITY.—Amounts  
7 deposited under subparagraph (A) shall remain  
8 available until expended.

9 “(i) APPLICATION OF OTHER SECTIONS.—To the ex-  
10 tent not inconsistent with requirements under this section,  
11 the Administrator may apply sections 309, 311, 312, 313,  
12 and 314 to activities under this section and an officer, di-  
13 rector, employee, agent, or other participant in a partici-  
14 pating investment company shall be subject to the require-  
15 ments under such sections.

16 “(j) AUTHORIZATION OF APPROPRIATIONS.—There  
17 is authorized to be appropriated for the first fiscal year  
18 beginning after the date of enactment of this part  
19 \$10,000,000,000 to carry out the facility. Amounts appro-  
20 priated pursuant to this subsection shall remain available  
21 until the end of the second fiscal year beginning after the  
22 date of enactment of this section.”.

23 (b) APPROVAL OF BANK-OWNED, NON-LEVERAGED  
24 APPLICANTS.—Section 301(c)(2) of the Small Business

1 Investment Act of 1958 (15 U.S.C. 681(c)(2)) is amend-  
2 ed—

3 (1) in subparagraph (B), in the matter pre-  
4 ceding clause (i), by striking “Within” and inserting  
5 “Except as provided in subparagraph (C), within”;  
6 and

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

8 “(C) EXCEPTION FOR BANK-OWNED, NON-  
9 LEVERAGED APPLICANTS.—Notwithstanding  
10 subparagraph (B), not later than 45 days after  
11 the date on which the Administrator receives a  
12 completed application submitted by a bank-  
13 owned, non-leveraged applicant in accordance  
14 with this subsection and in accordance with  
15 such requirements as the Administrator may  
16 prescribe by regulation, the Administrator  
17 shall—

18 “(i) review the application in its en-  
19 tirety; and

20 “(ii)(I) approve the application and  
21 issue a license for such operation to the  
22 applicant if the requirements of this sec-  
23 tion are satisfied; or



1                   “(II) disapprove the application and  
2                   notify the applicant in writing of the dis-  
3                   approval.”.

4           (c) **ELECTRONIC SUBMISSIONS.**—Part A of title III  
5 of the Small Business Investment Act of 1958 (15 U.S.C.  
6 681 et seq.), as amended by subsection (a) of this section,  
7 is amended by adding at the end the following:

8 **“SEC. 322. ELECTRONIC SUBMISSIONS.**

9           “The Administration shall permit any document sub-  
10 mitted under this title, or pursuant to a regulation car-  
11 rying out this title, to be submitted electronically, includ-  
12 ing by permitting an electronic signature for any signature  
13 that is required on such a document.”.

14           **TITLE III—APPROPRIATIONS**

15 **SEC. 131. COMMITMENT AUTHORITY AND APPROPRIA-**  
16 **TIONS.**

17           (a) **COMMITMENT AUTHORITY.**—

18                   (1) **CARES ACT AMENDMENTS.**—Section  
19 1102(b) of the CARES Act (Public Law 116–136)  
20 is amended—

21                           (A) in paragraph (1)—

22                                   (i) in the paragraph heading, by in-  
23 serting “AND SECOND DRAW” after  
24 “PPP”;

1 (ii) by striking “August 8, 2020” and  
2 inserting “December 31, 2020”;

3 (iii) by striking “paragraph (36)” and  
4 inserting “paragraphs (36) and (37)”; and

5 (iv) by striking “\$659,000,000,000”  
6 and inserting “\$749,000,000,000”; and

7 (B) by amending paragraph (2) to read as  
8 follows:

9 “(2) OTHER 7(A) LOANS.—During fiscal year  
10 2020, the amount authorized for commitments for  
11 section 7(a) of the Small Business Act (15 U.S.C.  
12 636(a)) under the heading ‘Small Business Adminis-  
13 tration—Business Loans Program Account’ in the  
14 Financial Services and General Government Appro-  
15 priations Act, 2020 (division C of Public Law 116–  
16 193) shall apply with respect to any commitments  
17 under such section 7(a) other than under para-  
18 graphs (36), (37), and (38) of such section 7(a).”.

19 (2) RECOVERY SECTOR LOANS.—During the pe-  
20 riod beginning on the date of enactment of this Act  
21 and ending on December 31, 2020, the amount au-  
22 thorized for commitments under paragraph (38) of  
23 section 7(a) of the Small Business Act (15 U.S.C.  
24 636(a)), as added by this title, shall be  
25 \$100,000,000,000.

1 (b) DIRECT APPROPRIATIONS.—

2 (1) RESCISSION.—With respect to unobligated  
3 balances under the heading ““Small Business Ad-  
4 ministration—Business Loans Program Account,  
5 CARES Act” as of the day before the date of enact-  
6 ment of this Act, \$100,000,000,000 shall be re-  
7 scinded and deposited into the general fund of the  
8 Treasury.

9 (2) NEW DIRECT APPROPRIATIONS.—There is  
10 appropriated, out of amounts in the Treasury not  
11 otherwise appropriated, for the fiscal year ending  
12 September 30, 2020—

13 (A) to remain available until September  
14 30, 2021, for additional amounts—

15 (i) \$190,000,000,000 under the head-  
16 ing “Small Business Administration—  
17 Business Loans Program Account, CARES  
18 Act” for the cost of guaranteed loans as  
19 authorized under paragraph (36) and (37)  
20 of section 7(a) of the Small Business Act  
21 (15 U.S.C. 636(a)), as amended and added  
22 by this Act; and

23 (ii) \$57,700,000,000 under the head-  
24 ing “Small Business Administration—Re-  
25 recovery Sector Loans” for the cost of guar-

1                   anted loans as authorized under para-  
2                   graph (38) of section 7(a) of the Small  
3                   Business Act (15 U.S.C. 636(a)), as added  
4                   by this Act; and

5                   (B) to remain available until September  
6                   30, 2023, \$10,000,000,000 under the heading  
7                   “Small Business Administration—SBIC” to  
8                   carry out part D of title III of the Small Busi-  
9                   ness Investment Act of 1958 (15 U.S.C. 681 et  
10                  seq.), as added by this Act.

11               (c) EMERGENCY DESIGNATION.—

12               (1) IN GENERAL.—The amounts provided under  
13               this section are designated as an emergency require-  
14               ment pursuant to section 4(g) of the Statutory Pay-  
15               As-You-Go Act of 2010 (2 U.S.C. 933(g)).

16               (2) DESIGNATION IN SENATE.—In the Senate,  
17               this section is designated as an emergency require-  
18               ment pursuant to section 4112(a) of H. Con. Res.  
19               71 (115th Congress), the concurrent resolution on  
20               the budget for fiscal year 2018.